National Council of Applied Economic Research

SURVEY of INDIA'S EXPORT POTENTIAL within THE INDIAN OCEAN BASIN & NEARBY AREAS

March 1970

IRAN

FOR LIMITED
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SURVEY
of
INDIA'S EXPORT POTENTIAL
to
Twenty-six Selected Countries
in
THE INDIAN OCEAN BASIN
And Nearby Areas

prepared under the sponsorship of
THE EXPORT PROMOTION DIVISION
U.S. Agency for International Development, New Delhi
for
THE MINISTRY OF FOREIGN TRADE
Government of India

NATIONAL COUNCIL OF APPLIED ECONOMIC RESEARCH
NEW DELHI

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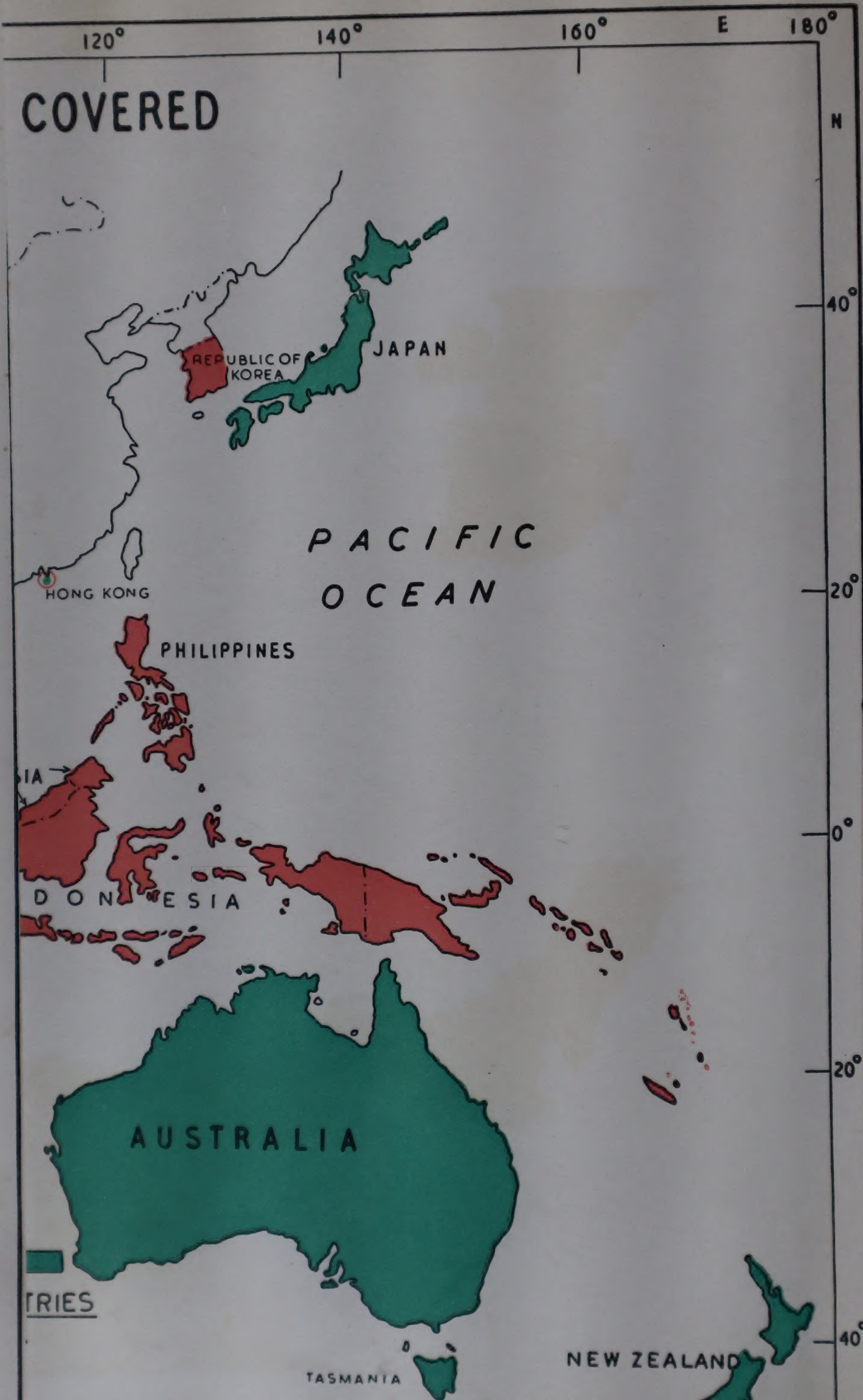
REGIONAL TRADE STUDY

SURVEY OF INDIA'S EXPORT PROSPECTS

IN

IRAN

National Council of Applied Economic Research
New Delhi
February 1970



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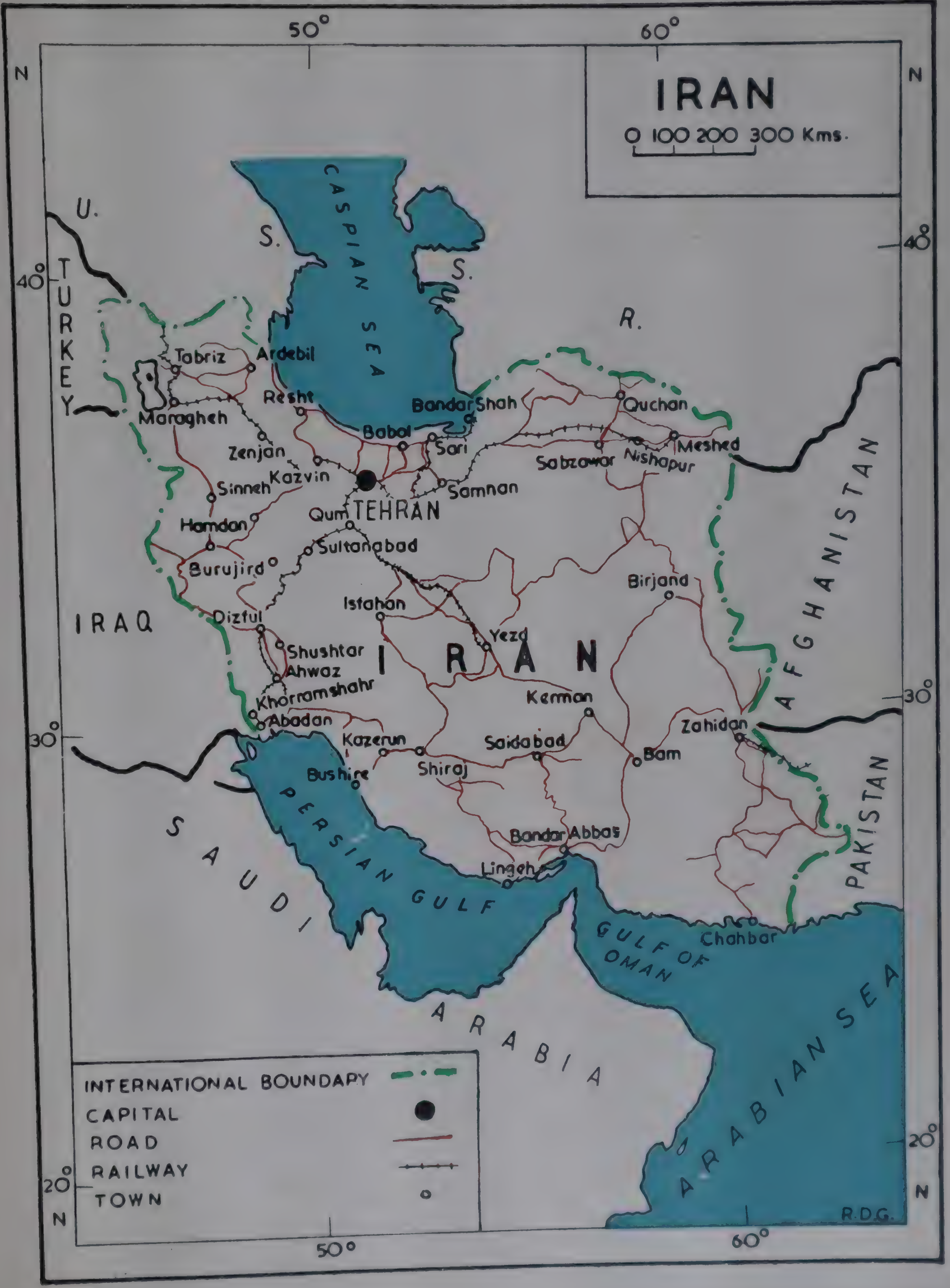
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PREFACE

In 1968, the National Council was requested to undertake a study of the export prospects for India in 26 selected countries in the Indian Ocean Basin and nearby areas. The study was to form part of a series of 'Export Potential Surveys' which are being performed by independent Indian research organizations for the Ministry of Foreign Trade. The series of studies is sponsored by the U.S. AID Mission to India Export Promotion Division.

The countries covered by this study are: Kenya, Uganda, Tanzania, Zambia, Ethiopia, Malagasy Republic, Libya, Iran, Iraq, Saudi Arabia, Kuwait, Muscat and Oman, Abu Dhabi, Dubai, Ceylon, Burma, Singapore, Malaysia, Indonesia, Thailand, Philippines, Hong Kong, Republic of Korea, Japan, Australia and New Zealand. This report on Iran is one of the series.

The main objective of the study was to assess the export prospects of India in the selected countries over the five year period (1969-74). We have studied the existing pattern and past trends of Indian exports to each country, assessed the trade prospects of India in each country and suggested measures for realising the export prospects. The term 'export' has been used in the wider sense not only to include commodities but also services such as joint ventures and engineering or construction contracts.

Apart from the individual country reports, an overall report covering our general findings with respect to the entire region of 26 countries has also been prepared and submitted and is being published separately. It may be added that the data given in this report and findings based on this data relate to the period of the field visit of our team which took place in December 1968. It is possible that certain changes might have taken place since the visit of our team. This has to be kept in mind by the readers.

In this country study, we have had full cooperation from various agencies in India as well as in Iran. My special thanks are due to the Ministry of Foreign Trade, Government of India, the Indian Embassy in Iran and the Government of Iran and a large number of businessmen and other people whom our team contacted during the field visits.

In the preparation of this report, I had full cooperation from my staff members who were directly responsible for conducting the entire study covering all including the present one. Their names are given in Appendix 1. My special thanks are due to Shri R.S. Sharma, Project Director and Dr. T. Rameswara Rao and Shri S.R.Chawla members of team for this country. I hope the report will be found useful by all those engaged in the export effort.

New Delhi
December 1969

S. Bhoothalingam
Director-General

NOTES

1. The dollar ($) referred to in this report is the U.S. dollar.

2. Reference to the present in the report is as of December 1968 the time of the team's visit to this country. The data given and assessments made are also as obtainable then.

CONTENTS

			Page No
PREFACE			
SELECTED ECONOMIC INDICATORS			1
SUMMARY AND RECOMMENDATIONS			3

PART ONE

ECONOMY

Chapter	1	Economy	15

PART TWO

TRADE

Chapter	2	Market Structure	29
Chapter	3	Foreign Trade Policy	46
Chapter	4	Review and Prospects of Trade	68
Chapter	5	Trade with India	90

PART THREE

TRADE PROSPECTS FOR INDIA

Chapter	6	Export Prospects of Individual Commodities	95
		Iron and Steel products	95
		Tea	113
		Jute Manufactures	130

Page No

Spices 140
Internal Combustion Engines(Stationary) and parts thereof 151
Electric fans 163
Mechanical deep well pumps, motor pumps and parts thereof 174
Machine tools (lathes) 192
Pharmaceuticals 195
Bicycles and parts 205
Cycle tyres and tubes 220
Paper and paper products 233
Cotton yarn and cotton textiles 242

Chapter 7 Joint Ventures and Service Contracts 247

TABLES 256

APPENDICES 317

BIBLIOGRAPHY 356

INDEX 357

List of Tables

		Page No.
Table 1	Gross Domestic Product at Constant Prices(1965)	256
Table 2	Distribution of Gross National Product	258
Table 3	Domestic Production, Imports and Total Demand of Certain Selected Commodities 1965-1977	260
Table 4	List of Industrial Plants - Year of Production, Year of full capacity production and import content	262
Table 5	Imports - Commoditywise	264
Table 6	Imports - Sourcewise	265
Table 7	Exports	266
Table 8	Production capacity, Product mix and Export potential of Petro-chemical Plants	267
Table 9	Direction of Trade	269
Table 10	Imports of Different items of iron and steel	270
Table 11	Imports of iron and steel bars, rods and strips	273
Table 12	Imports of iron steel beams	274
Table 13	Imports of round and semi-round bars, iron and steel	275
Table 14	Imports of iron steel wire(0.5 m.m. to 10.0 m.m. diameter)	276
Table 15	Imports of semi-finished sheets, iron steel	277
Table 16	Imports of finished sheets, iron steel	278
Table 17	Imports of iron steel pipes, tubes (straight of uniform thickness, not otherwise manufactured)	279

		Page No.
Table 18	Imports of iron steel tubes, pipes without jointing (not otherwise manufactured)	280
Table 19	Imports of Iron steel piping (varnished, enamelled, smooth finished, with zinc or aluminium coating)	281
Table 20	Imports of iron and steel from India: 1967-68	282
Table 21	Prevailing Custom duties and commercial benefit tax (CBT) for different terms of iron and steel	285
Table 22	C & F Prices for various iron and steel items in Tehran as in December 1968	287
Table 23	Production, imports and exports of jute manufactures	289
Table 24	Sourcewise imports of jute manufactures	290
Table 25	Imports of spices	291
Table 26	C&F and retail prices of some of the spices in December 1968	295
Table 27	Import of electric fans	296
Table 28	Country-wise import of electric fans not exceeding 15 kgs. in weight	297
Table 29	Sourcewise imports of motor pumps	298
Table 30	Sourcewise imports of parts of deepwell and other pumps	299
Table 31	Sourcewise imports of Iran of Lathes	300

Page No.

Table 32 Sourcewise imports of different machines 301

Table 33 Imports of various types of cardboard and parts 306

Table 34 Sourcewise imports of paper (coloured, white, etc.) 309

Table 35 Custom duty and CBT on various types of cardboard and paper 310

Table 36 Sourcewise import of cotton yarn and thread 312

Table 37 Imports of cotton fabrics 314

Table 38 Estimate of Potential of India's exports 316

List of Appendices

		Page No.
Appendix 1	The Survey team	317
Appendix 2	List of offices/persons contacted during the field visit	318
Appendix 3	A note on resource mobilisation	328
Appendix 4	List of important importers	331

SELECTED ECONOMIC INDICATORS

Item	Unit	1960	1965	1966	1967
1. Population	Million	22.20	25.00	25.78	26.40
2. Growth rate of population (compound) 1960-67	Per cent per annum	----------2.9------------			
3. GNP	Million $				
i) at current prices	"	4047*	5416	5915	6629
ii) at constant prices (1965 = 100)	"	4315*	5416	5868	6525
4. Per capita income					
i) at current prices	"	182*	217	229	251
ii) at constant prices	"	194*	217	228	247
5. Growth rate of GNP (1961-67)	Per cent per annum	----------8.5----------			
6. Wholesale price Index	(Base= 1959)	N.A.	110.6	110.0	110.2
7. Production Index					
i) Agricultural	1961=100	N.A.	106.9	113.2	118.7
ii) Industrial (excl. oil & mining)	"	N.A.	143.6	161.4	184.4
8. Foreign Trade					
i) Exports	Million $	N.A.	1370	1385	1961
ii) Imports	"	N.A.	870	962	1206
iii) Balance of Trade	"	N.A.	+500	+423	+755
iv) Balance of payments (Current Account)	"	-168	-102	-140	-85

Item	Unit	1960	1965	1966	1967
9. Gold and Foreign Exchange Reserves	Million $	208*	236	255	319
10. Trade with India					
i) Exports to India	"	N.A.	56.7	39.6	78.8
ii) Imports from India	"	N.A.	14.3	18.1	23.0
iii) Balance of trade with India		N.A.	+42.4	+21.5	+55.8
iv) India's share in total imports	Per cent	N.A.	4.14	2.86	4.02
v) India's share in total imports	"	N.A.	1.61	1.84	1.90
11. IMF Par value	(Units of national currency per $)	** 75 Rials			

* Figures are for 1961 ** Par value is not established.

Area = 1.645 million Sq. kms.

Capital = Tehran

National Currency = Rial

SUMMARY AND RECOMMENDATIONS

Highlights of the Economy:

Iran, has an area of 1.645 million square kilometres, and a population of 26.4 million.

The economy, though dominated by a single industry - oil, is in the process of diversification.

The GNP during 1968 was estimated at $8.3 billion, of which 20 per cent was utilised for investment purposes. The developmental expenditures during the Fourth Plan period would increase this proportion to 25 per cent.

Iran during the past seven years (1961-1968) has experienced remarkable economic growth rate of 10 per cent per annum. The imports of Iran during this period almost doubled and have reached a level of about $1.2 billion in 1967-68. The pattern of imports during the Third Plan period (1963-67) has undergone change. The share of consumer goods imports in the total imports has declined while the share of capital and intermediate goods has gone up. Iran is enjoying for the last five years an extraordinary stability, accompanying the rapid economic growth.

The Government of Iran utilised $470 million of foreign loans during the Third Plan period, and Iran is now in a position to enter the West European market and raise loans on its own steam. The Iranian currency is stable.

The Iranian market can be divided into two parts - (a) the market for locally produced goods and (b) the market for imported goods. The distributive system for locally produced goods differs from commodity to commodity and is highly disorganised and inefficient. The market margins and distributive costs are high and surpluses and scarcities co-exist.

The market for imported goods is somewhat better organised. Relatively, there is greater uniformity in the prices. The importers of durable consumer goods are usually the agents of the exporters and maintain a network of branches.

The marketing channels are under-going a change. The importer-cum-wholesale trader-cum-retailer of 'Bazar' is being replaced by a band of salesmen who work under the direction of a sales executive. The market is highly brand conscious but the severe restrictions or ban on the import of consumer goods has created a protected market.

There are no state monopolies (barring tobacco and tea) either in import trade or domestic trade. The Government purchases are made through open and invited tenders.

The terms of sale in Iranian market differ from commodity to commodity. Most of the wholesalers/importers provide credit ranging between 90 to 180 days, and commission is paid to brokers.

Every import should be backed by a letter of credit opened with an authorised commercial bank.

Presently there are 12 shipping services from India to Gulf ports. These are considered adequate.

There are three important media of publicity in Iran. They are (a) newspapers, (b) television and radio, and (c) cinema.

Import regulations are contained in a document known as "General Import-Export Regulations for the Iranian Year......" issued by the Council of Ministers every year. All goods entering Iran pay the Custom duties and commercial benefit tax (CBT) as specified in the regulations unless specially exempted.

During the past three years, Iran has entered into a series of trade agreements with USSR, Czechoslovakia, Rumania, Hungary, Yugoslavia, USA, Japan, India, Morocco, Saudi Arabia and other Gulf countries. Iran is also a member of the 'Regional Cooperation for Development' of which Turkey and Pakistan are other members.

During the ten years 1958-67, Iran experienced an unfavourable trade balance on current account. However, the data for merchandise exports and imports reveals a sizeable balance and deficits must be attributed to the invisible imports and transfer payments.

The foreign exchange reserves of Iran have been steadily growing since 1961.

The imports of Iran has increased from $548 million in 1962-63 to $1206 million in 1967-68. About 70 per cent of the Iranian imports consist of capital goods and raw materials. The main suppliers during 1967-68 were West Germany, USA, U.K., Japan, France, Italy and Netherlands.

The exports from Iran during 1967 were of the order of $1930 million of which about 90 per cent were accounted by oil exports. Amongst the non-oil exports, hand woven carpets and raw cotton dominated.

Imports from India during 1968-69 were valued at about $29.6 million i.e., less than 2 per cent of Iranian imports.

Iran's exports to India during 1967-68 were about $79 million which was about 4 per cent of the total exports of Iran during the year.

The main items of exports of India to Iran are iron and steel products, tea, jute manufactures; engineering products like diesel engines, automobile spares, deep well pumps cycle and cycle parts, rubber and rubber products, hospital equipments, wires and cables and others. India's main import from Iran is Oil.

Problems and Prospects in expanding Indian Trade

India has always had an unfavourable balance of trade with Iran. Even though India is steadily improving her exports to Iran, India will probably never be in a position to balance the trade between the two countries because of the increasing oil imports from Iran. However, the trade deficit could be reduced to a large extent by expanding Indian exports.

The trade between India and Iran is guided by the Indo-Iranian trade agreement signed in Tehran in 1964 and subsequently extended upto 1970.

Iran is fast improving its capacities in the production of many engineering and industrial goods and the markets for its products are being explored by Iran. Iran is interested in the Indian market. Iran is also entering into a large number of barter trade agreements with USSR and Eastern European countries. Under these circumstances, an expansion of Indian exports to Iran can be facilitated by Indo-Iranian arrangements for industrial cooperation and trade expansion. The work of this recently established (June 1969) Joint Indo-Iranian Commission for Economic, Trade and Technical Cooperation should provide a mechanism through which this can be accomplished.

India entered the Iranian market for iron and steel products in 1966-67 and has gained a good footing. It was revealed that India is to face competition not only with the established exporters but also from the socialist countries (East European) which are entering into barter agreements with Iran.

India can improve its performance in the Iranian market if sole-agents are appointed by the exporters as is done by the West European countries.

In many instances the commission is not paid in time to the commission agents on the pretext that Reserve Bank of India does not issued permits in time. To capture this market, which is highly dependent on the performance of Commission agents, it is suggested that remedial measures should be adopted to avoid delay in making payments of their commission.

Iran lays great emphasis on joint ventures as a means for rapid industrialisation. India can join hands with Iran in setting up industries in Iran and India is in a position to supply machinery, equipment and technical know-how. Large increases in India's exports can definitely be anticipated if joint ventures are undertaken.

According to the Fourth Plan of Iran, huge investments would be made in infra-structure, heavy industry and in the consumer goods sector. The demand for capital and intermediate goods would expand at a high rate. The demand for consumer goods would also expand due to rising incomes. The implications of these changes for India's export sector are that (i) it would be relatively easier to export capital and intermediate goods and (ii) it would be difficult to export finished consumer goods to Iran because of quantitative restrictions on imports and higher tariff protection to domestic consumer goods.

RECOMMENDATIONS

A. Commodity

There are a few commodities which India can export to Iran. These commodities are:

i. Iron and steel products
ii. Tea
iii. Jute manufactures
iv. Spices
v. Internal combustion engines
vi. Electric fans
vii. Mechanical deep well pumps, motor pumps and parts thereof
viii. Machine tools
ix. Bicycles and parts
x. Cycle tyres and tubes
xi. Paper and paper products
xii. Textiles (furnishing materials only)
xiii. Industrial Machinery (Mining, sugar and cement industries)
xiv. Wires & Cables

Iron and steel products: In the case of iron and steel tubes and pipes, particular attention must be paid for quality, thickness, length specifications packing and pricing.

Prompt delivery in case of iron and steel products is vital since importers ordering these products from India and Europe are required to deposit an amount equivalent to 104 per cent of the value of the orders placed by them while opening 'letter of credit'. The delay is resented since capital is blocked.

The import market of tea in Iran would reach a level of 8,000 to 9,000 tonnes per annum by 1974. India should aim to capture at least 70 per cent of the tea import market of Iran.

Tea : The Indian tea prices should not be higher than the corresponding price of Ceylonese tea for the similar quality. To popularise Indian tea steps should be taken for opening of a tea centre in Iran.

Jute products: In case of jute manufacture, especially lined bags and sacks, Indian manufacturers should contact directly the end-users for securing long term contracts.

Engines: India can increase its sales for internal combustion engines of lower horse power if the goods are supplied on consignment basis and after-sales-service is undertaken by the sole-agents. Furthermore, the performance guarantee period should be increased.

Engine parts: To increase India's share in the import market for engine parts in Iran, the Indian prices should be competitive and trade relations with importers should be cordial since they have influence over the end-users. It would be an added help if parts are supplied on consignment basis and ready stocks maintained in Iran market.

Fans: Exporters of ceiling fans (electric) from India frequently change their agents in Iran and, moreover, have failed by and large to stick to delivery schedules. These must be avoided. The packing of fans is very poor and needs improvement.

Pumps: The market for deep well pumps and motor pumps is brand conscious. Indian exporters should appoint sole-agents who should undertake sales promotional activities.

Machine Tools: The possibilities should be explored for selling machine tools (lathes) for equipping industrial firms as well as industrial training institutes in Iran. Indian exporters should supply lathes on credit to public sector with the help of Indian Government.

Cycles and parts: The packing of Indian cycles and parts is very poor and it must be improved. The frames should be separately packed and not along with other parts.

B. General

The goods should be supplied in time.

The goods should be properly packed so that they are not damaged during transit.

Indian exporters should appoint sole-agents in this market for their products rather than depending upon a number of commission agents.

Iran is a competitive market, therefore, Indian prices should be comparable to prices of other countries for a similar quality.

The users of engineering goods should be given detailed information about the usage techniques in Persian to avoid wrong handling of equipment.

Exporters from some countries are supplying machinery either on consignment basis or on credit ranging from 6 months to a year. The Indian exporters also may offer goods on similar terms.

Goods must be supplied according to the agreed specifications and samples.

Part-shipments from India, it was reported, is very common. This practice is highly resented and it must be avoided.

Indian exporters must deal with Iranian importers. Iranian importers feel that the Indian business community in Iran has monopolised trade with India. Such an impression is not helpful in improving trade relations with Iran. Steps should be taken to appoint Iranian sole-agents in this market.

Propaganda and selling-drive by Indian exporters in this market is not adequate. Steps should be taken to familiarise this market with Indian products.

Regular supplies from India to Iran must be maintained for the sake of price stabilisation.

PART ONE

ECONOMY

Chapter 1

ECONOMY

Land

Iran, the cradle of ancient civilization, the bridge of communication between the two continents, Asia and Europe is also known as Persia. It is surrounded on north by the Caspian sea and the Soviet Union, on the east by Afghanistan and Pakistan, on the west by Iraq and Turkey and on the south by the Persian Gulf.

Population

Population of Iran increased during the period 1959 to 1966 from 21.7 million to 26 million, an increase of 2.74 per cent per annum. Probably anticipating a slight retardation in the growth rate, the Plan Organisation of Iran has assumed a rate of 2.6 per cent in projecting future population levels.

Rapid Economic Progress

As seen from Table 1 the gross domestic product during the period 1961 to 1968 increased from 373 billion rials ($ 4.97 billion) in 1961 to 630.4 billion rials ($ 8.40 billion) in 1968, an increase of 69 per cent or at 7.8 per cent compound rate.

The sectoral composition of gross domestic product is given below:

COMPOSITION OF GROSS DOMESTIC PRODUCT 1961-68 (PERCENTAGES)

	1961	1964	1967	1968
Agriculture, Livestock) Fishing and Forestry)	28.42	24.82	21.98	20.95
Mining	0.43	0.51	0.52	0.56
Oil	15.55	17.56	20.33	20.87
Industry	9.65	11.00	11.60	11.80
Construction	5.91	5.62	6.03	6.30
Water & Electricity	0.64	0.89	1.15	1.27
Transportation	6.43	6.32	5.59	5.68
Communication	0.27	0.26	0.28	0.29
Commerce	11.53	10.54	10.13	10.31
Banking & Insurance	2.41	2.34	2.53	2.49
Ownership of dwellings	5.36	5.39	4.72	4.52
Public Service	8.31	9.83	10.48	10.60
Private Service	5.09	4.92	4.46	4.36
G.D.P. at Factor Cost (Constant Prices of 1965)	100.00	100.00	100.00	100.00

A study of sectoral composition of national domestic product of Iran during the period 1961 to 1968 reveals that various sectors in the economy are growing at different rates. Agriculture during the period grew by about 25 per cent, from 1961 level of 106 billion rials to 132 billion rials in 1968. During the same period the oil sector registered a growth of 127 per cent, while the Industrial sector registered a growth of 107 per cent. The maximum growth rate was observed in the water and electricity sector at 223 per cent. These disparities in sectoral growth introduced a significant change in the composition of the gross domestic product. Agricultural sector which accounted for 28 per cent of the gross domestic product in 1961 accounted for less than 21 per cent in 1968. The oil sector accounted for 21 per cent in 1968 as against 15.5 per cent in 1961. The manufacturing industry recorded only an increase of 2 per cent. It is of interest to note that the shares of the commerce and private services sectors declined. These changes in the composition of the output reveal that the economy, though dominated by a single industry oil, is in the process of structural transformation. Although the manufacturing sector's contribution is small, the growth rate is high.

The gross national product between 1961 and 1968 increased from 369.6 billion rials ($4.93 billion) to 623 billion rials($8.3 billion), an increase of about 70 per cent. Table 2,shows distribution of the gross national product between major uses.

The proportion of gross national product utilised for investment purposes increased significantly from 15 per cent to 20 per cent. The developmental expenditures that would be incurred during the Fourth Plan period (1968-72) would raise this proportion to 25 per cent with consequent decline in the proportion of consumption expenditure. Such a change in the gross national expenditure warrants a change in the pattern of imports also. If one were to examine the pattern of imports during the Third Plan period (1963-67), it becomes apparent that the share of imports of consumer goods to total declined while shares of capital and intermediate goods went up.

Composition of imports

Composition of imports for the period 1963 to 1967 is depicted in the table below:

COMPOSITION OF IMPORTS

(million $)

	1963	1964	1965	1966	1967	Per cent of increase over 1963
Capital goods	106.9	106.6	169.7	236.1	270.7	153.2
	(19.6)	(20.8)	(22.9)	(27.2)	(28.2)	
Raw materials & intermediates	238.2	224.6	336.5	397.1	436.1	83.1
	(43.6)	(43.9)	(45.5)	(45.7)	(45.5)	
Consumer goods	201.1	180.3	234.0	235.4	252.8	25.7
	(36.8)	(35.3)	(31.6)	(27.1)	(26.3)	
TOTAL	546.2	511.5	740.2	868.6	959.6	75.8
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	

(Figures in brackets are percentages)

While overall imports during the period 1963 to 1967 grew nearly by 76 per cent, increases in imports of capital goods and raw materials and intermediate goods were of the order of 153 and 83 per cent respectively. Imports of consumer goods registered an increase of 26 per cent only. This change can easily be attributed to large investments that went into industrial sector as well as into building up of the infra-structure. Rapid increase in industrial capacity coupled with a high degree of utilisation resulting in significant increases in industrial production could not have materialised without substantial import of capital goods and raw materials. Industrial production during the period 1959 to 1965 increased from 51 billion rials to 175 billion rials. During Third Plan period 1963 to 1968, cotton textile production increased by 46 per cent from 308 million metres to 450 million metres which compared with the planned target of 430 million metres. Starting with a production level of 4.7 million metres in 1963, woollen textiles output rose to 8.3 million metres in 1967. Cement production went up from 0.668 million tonnes to 1.8 million tonnes, while sugar production increased from 131,000 tonnes to 320,000 tonnes. Production of glass increased from 9,000 tonnes to 25,000 tonnes even though the target of production at the end of the Third Plan was of the order of 43,000 tonnes.

Investment Plan - 1968-72

Encouraged by significant success achieved during Third Plan period, the Iranian Government have raised their sights by drawing up an investment plan with 810 billion rials ($ 10.8 billion) for the period 1968-72. The sectoral distribution of Fourth Plan investment is presented below:

INVESTMENT IN MAJOR SECTORS DURING THE FOURTH PLAN

(In billion rials)

	Public Sector	Private Sector	Total
Agr. & animal husbandry	25.0	41.1	66.1
Industry & Mining	86.7	120.3	207.0
Oil and Gas	42.3	52.3	94.6
Water and Power	98.4	1.2	99.6
Other Sectors	191.1	151.6	342.7
TOTAL	443.5	366.5	810.0
Percentage of total	54.7	45.3	100.0

Increases in output expected to be generated over 1967 levels as a result of investments in various sectors are as under:

Agriculture	24	per cent
Industry	84	"
Mining	100	"
Water, power & gas	117	"
Oil	104	"
Other sectors	44	"

Overall growth in Gross National Product would be of the order of 57 per cent or 9.4 per cent per annum. Also these investments in turn are expected to generate the following import levels in capital goods, raw materials, intermediate and consumer goods:

ANTICIPATE IMPORT LEVELS 1968-72

(Million $)

	1968	1969	1970	1971	1972	Percentage change over 1968
Capital goods	615 (38)	701 (38.6)	799 (39)	875 (38.3)	1003 (40)	63
Raw Materials	355 (22)	406 (22)	463 (22.6)	526 (23.7)	599 (23)	69
Consumer goods	375 (23)	407 (22)	443 (21.6)	482 (21.1)	524 (20.0)	40
Services	260 (17)	300 (16.4)	344 (16.8)	396 (16.9)	456 (17.0)	75
TOTAL	1605 (100)	1814 (100)	2049 (100)	2279 (100)	2582 (100)	55

(Figures in brackets represent percentages)

In working out the import requirements, it is learnt that full provision had been made for the investment induced imports in the categories of capital goods and raw materials while a deliberate reduction in imports of consumer goods is effected since domestic production of many items is anticipated to substitute imports to a large extent.

A comparison of import figures for the two periods 1963 to 1967 and 1968 to 1972(projected) reveals that the capital goods which accounted for 28.2 per cent of total imports in 1967 would account for 40 per cent in 1972. Consumer goods which formed 26.3 per cent of total imports would account for 20 per cent. These changes are planned for creating sufficient industrial capacities for turning the required quantum of producer and consumer goods for reducing dependence of the economy on imports and to establish a viable and balanced economic structure.

Imports : Anticipated pattern

One conclusion that can be drawn from the anticipated pattern of imports is that the Government import policy would keep the Open General Licence method in regard to capital goods and raw materials with complete exemption or minimum duties while consumer goods would be allowed on special licences. Consumer goods are likely to attract high rates of ad valorem or specific duties for according protection to domestic industries. It is anticipated that this special or permitted list of commodities would gradually expand with the expansion and diversification of the domestic production of consumer goods. As such exporters to this market would face increasing resistance from the Governmental policy in selling their finished econsumer goods. In contrast, facilities and opportunities for export of capital goods, raw materials and intermediate goods would be greatly enhanced. Thus it would be easier for an exporter to sell capital and intermediate goods rather than consumer goods.

Currency

Money supply in Iran during the period 1963 to 1967 increased by 52 per cent over the 1963 level of nearly 44 billion rials. The table below shows changes in money supply during the period 1963 to 1967.

MONEY SUPPLY IN IRAN

(In billion rials)

	1963	1964	1965	1966	1967	
Notes & coins in circulation	19.8	22.6	24.1	25.4	27.4	
Sight deposits of the private sector	24.1	26.4	29.8	34.9	39.4	
TOTAL	43.9	39.0	53.9	60.3	66.8	
Notes and coins as a percentage of GNP	5.7	6.0	5.9	5.6	5.5	
Demand Deposit as a percentage of GNP	6.8	7.1	7.3	7.7	8.0	
Total money supply as a percentage of GNP	12.5	13.1	13.2	13.3	13.5	
Annual change in money supply(percentage)	-	11.6	10.0	11.9	10.8	
Percentage change in GNP	-	5.4	10.3	9.5	11.0	
Wholesale price index:	104.0	109.6	110.6	110.0	110.2	
Percentage change in wholesale price index	-	5.7	0.9	-0.5	Neg.	)1959)
Cost of living index	108.4	113.2	117.2	117.9	118.9	)=100)
Percentage change	-	4.4	3.5	Neg.	0.8	

A major portion of the increase in money supply was accounted by increase in deposits. Currency in circulation recorded only an increase of 37 per cent over the 1963 level of 19.8 billion rials. The gross national product during the same period registered an increase of 41 per cent. The total money supply during the period under review relatively remained constant as a proportion of national income around 13.3 per cent. This constancy is the result of a decline in the proportion of currency in the national income along with an increase in the proportion of deposits. This trend reveals an increased degree of monetisation of the economy accompanied by an extension of the banking habit. The wholesale price index (1959=100) registered an increase of 6 points in 1967 over the 1963 level of 104. It is remarkable that the wholesale price index after increasing by 5.7 per cent in 1964 over the 1963 level had remained almost stable. The cost of living index which stood at 108.4 in 1963 rose to 113.2 in 1964 and to 117.2 in 1965. Thereafter changes are less than 1 per cent over the previous year. If these price and cost of living index changes are studied in the context of rising money supply, population, national income, investment and consumption levels, one inescapable conclusion is the extra-ordinary price stability that has been achieved during the period of rapid economic change. This is one of the few instances of growth with price stability. It is true that this remarkable stability might be attributed, in main, to the relatively open door import policy. This is due to big spurt in oil exports resulting large increase in foreign exchange earnings. It is learnt that the Bank Markazi and the Government of Iran keep a close watch on the cost of living index as well as on the wholesale price level. Because of the comfortable foreign exchange position, the Government allows imports on a liberal scale whenever scarcities of goods express themselves in rising prices.

Foreign Aid Prospects

The Government utilised $ 470 million of foreign loans during the Third Plan period. The Fourth Plan has a bigger investment programme and the foreign exchange needs are consequently larger. Hence the loan programme is of a bigger magnitude, of the order of $ 1513 million. In the following table, details about loan programme and its servicing are presented:

FOREIGN AID REQUIREMENTS OF IRAN DURING THE FOURTH PLAN PERIOD(1968-72)

($ million)

Long-Term Loans	1968	1969	1970	1971	1972	Total
(a) Public Sector						
Receipts	474.8	426.8	436.1	456.3	394.7	2188.7
Repayments	185.3	194.1	263.4	369.4	361.9	1374.1
(b) Private Capital						
Receipts	171.0	260.3	115.0	135.0	167.3	848.6
Repayments	5.0	7.0	11.0	72.7	54.4	150.1
Total of (a) & (b)						
Receipts	645.8	587.1	551.1	591.3	562.0	3037.3
Repayments	190.3	201.1	274.4	442.1	416.3	1524.2
Net amount of foreign loans	455.5	486.0	276.7	149.2	145.7	1513.3

If one were to take into account the level of credits already promised or utilised, one can hope that anticipations of the Iranian Planning authorities would, by and large, be fulfilled. It might be added that Iran is now in a position to enter West European money markets and raise loans on its own steam. In November, 1968 Iran raised an open loan in West Germany for 80 million D.M. and it is learnt that the loan was subscribed in a single day. The Iranian currency is stable and discussions with some of the banking officials revealed that during the months of November-December 1968, there has actually been an appreciation of rials in Western money markets.

In 1967, the United States Aid Mission had closed its offices in Iran as the United States felt that Iran was no longer in need of assistance.

Growing confidence

Iranian officials, because of the growing confidence abroad in the stability and growth potential of the Iranian economy are confident that they can raise necessary foreign loans for meeting the exchange needs of the Fourth Plan investment programme.

To sum up, the economy experienced a remarkable economic growth of the order of more than 9 per cent per annum. Iran has launched large investment programmes for effecting necessary structural changes in its economy, which would lay foundation for self-sustained growth. Investments are being made in infra-structure, heavy industry and in consumer goods sectors. The first two categories account for a larger share in the investment. Hence demand for capital (producers) and intermediate goods would expand at a high rate. Demand for consumer goods would also expand due to rising incomes. Implications of these changes for India's export sector are as under:

(i) It would be relatively easier to export capital and intermediate goods to Iran, and (ii) it would be difficult to export finished consumer goods because of two factors - (a) quantitative restrictions on imports and (b) higher tariff protection to domestic consumer goods industries.

PART TWO

TRADE

Chapter 2

MARKET STRUCTURE

Iranian market can be divided into two parts - (a) market for locally produced agricultural and industrial goods, and (b) market for imported goods. The distributive system differing from commodity to commodity, is highly disorganised and inefficient. Market margins and distributive costs (transport and storage) are pretty high. As the system is unorganised and unitegrated surpluses and scarcities co-exist. Consumer gets no relief from surpluses as the staying power of seller is high, while in scarcity he pays higher prices. The inefficiency of the distributive system and its high cost are due to the following causes:

(1) Double haulage of goods from production centres to Tehran and from Tehran to consumption centres swells transport costs;

(2) Storage facilities are concentrated only in Tehran.

(3) Financial facilities - both organised and unorganised are located in Tehran;

(4) Communication system is geared to favour flow of goods from Tehran to provincial towns;

(5) Tehran accounts for more than 60 per cent of total market of Iran.

(6) Provincial centres offer no social life to the industrial and commercial elite and they express a marked preference to be stationed in Tehran.

Distribution Pattern

It is learnt that the pattern of distribution of products is so organised that goods produced in Isfahan are despatched to Tehran before they are sent to Shiraz a neighbouring town, situated away from Tehran. In this type of movement goods traverse Isfahan Tehran distance twice before they reach Shiraz.

It is gathered that most of the provincial consumption centres do not have storage facilities sufficient to carry significant inventory levels. Hence traders in these towns perhaps because of the smallness of market carry very low inventory levels and order for goods only in the face of firm demand. Also it is said that about 65 to 75 per cent of storage facilities are located in Tehran and distributors find it difficult to maintain stocks in places other than Tehran.

Modern and relatively cheap financial accommodation is available in Tehran. Tehran Bazar provides financial facilities for traders on signature only though at high rates of interest without any collateral. This traditional market attracts traders to a far greater extent than any other institution.

It is learnt that goods transported from northern ports to Tehran cost about 1400 rials per tonne while cost of transportation of goods from Tehran to northern ports is about 500 to 550 rials. The transportation cost of a tonne of goods from southern ports to Tehran is about 1350 rials while the rate from Tehran to Khorramshahr is only 650 rials. These rate differentials have made Tehran a costly distribution centre and in ordinary course traders should have avoided Tehran. However, from Tehran to other centres, transportation rates are very favourable and most of the traders feel that they get better market intelligence, financial, storage and trasnportation facilities if they operate from Tehran. More than all these, modern industrialists and the traders are accustomed to social life and amenities of Tehran and are not willing to shift their base of operations. The Government is trying through differential tax rates and positive incentives to disperse the industry and trade to places other than Tehran. However, the agglomerative forces are strong and it will take some time before the deglomerative forces set in.

The market for imported goods is somewhat better organised. Relatively, there is a greater uniformity in prices of imported goods. Importers of durable consumer goods like automobiles, tractors, refrigerators and machinery are usually agents of European companies and they maintain a net work of branches, sales force and service stations. However, importers of chemical products (bulk) generally distribute their goods in wholesale. In textiles, importers act as wholesalers and retailers.

An unofficial estimate puts the number of traders at 20,000. However, the number of traders engaged in import trade is about 3300 only. Every trader other than Iranian should have a work permit and every trade card is provided by the Chamber of Commerce to engage in import trade. Many of these "merchanting business men" attracted by fast growing market have become industrialists. Lacking even elementary capabilities for running factories many of them went out of operation quickly. Some well trained and well-to-do technicians with no or very little appreication of the marketing job have started production and failed miserably in making a profit as the distributive system is not geared to modern marketing needs. Successful industrialists in Iran are those who have established their own distribution channels. Only in isolated cases, where the local producer has enjoyed a virtual monopoly he has been able to exploit traditional channels and yet make a good profit.

Marketing Channels

One now finds an awareness that marketing channels should be suitably changed and modernised for improving the pace of industrialisation. Some opine that large investments needed for opening new marketing outlets and training the necessary staff is deterring some entrepreneurs from venturing into industries that need modern marketing facilities. Some time ago, most of the industrialists believed that the merchant importers who had vast experience in sales are capable of handling distribution of locally produced industrial products also. This belief was based on the assumption that sales experience and existing marketing outlets of established traders were sufficient to push new products of the domestic industry. However, in practice these hopes were completely shattered. Many of established importers facing a ban on imports of all the goods produced by the domestic industry either retired from business or switched to lines where no such ban existed. The main reason for this change lies in the nature of the services required by industrialisation on sales side, which is totally different from ordinary operations of an importer. Merchants imported mostly popular brands of goods and sold them on their own terms depending on actual supply and demand conditions. Most of these people generally made absolute windfall profits. But acting as a sales agent to a local industrialist he had to operate within the instructions and market margins set by the producer. The importer-distributor never liked or found it easy to operate within these restrictions. In these circumstances former importers gave up their sales agencies in the face of a demanding and strong industrialist and they contributed to the downfall of the industrialist if he failed to impose the necessary discipline needed on his sales front.

It is because of this reason some of the enterprising businessmen are trying to establish "Trading firms" or "Sales Corporations" which would restrict themselves to the selling activities in internal and external markets. It is not clear whether these firms will have their own show rooms, godowns and sales force or they would enlist cooperation of "Bonakdars" (distributors) in Tehran and other places. Some opine that Iranian trader-businessmen should be persuaded not to expect huge windfall profits on every unit but to maximise his total profits by larger turnover even though the per unit profit may be low.

To sum up, the marketing channels are under-going changes in Iran, in the sense that the importer-cum-wholesale trader-cum-retailer of "Bazar" is being replaced by a band of salesmen who work under the direction of a sales executive. Still traditional traders dominate market and are accustomed to profit margins. The market is highly brand conscious severe restrictions or ban on import of consumer goods has created a protected market. The area of the protected market would expand. Most of import traders draw their funds from Bazar financiers paying higher rates of interest than those prevailing in organised money market. These high cost funds impel the traders to aim for higher margins of return. The extension of the area of influence of the organised money market sector has introduced a change in the methods of business more in consonance with the needs of modern industry.

The deliberate and state induced industrial dispersal is creating the new "industrial poles" and new markets centres. These are leading to the creation of new storage and financial facilities necessary for improvement of markets. Improvement in communications would reduce cross haulages and salesmen would reap benefits of new markets.

No State Monopolies

The State has not entered into the distributive sector in any serious way even though it keeps a close watch on the price situation. There are no state monopolies (barring tobacco and tea*) in import trade or domestic trade. As a matter of fact the Government has declared that it would be too glad to hand over even the existing public sector industries to the private industrialists if they are in a position to take over the units and run them successfully. The Prime Minister has declared that the State is compelled to invest in some projects because the prospect of private industrialists setting up these units are extremely remote. Only recently Iran had nationalised its water resources mainly for political reasons. The only other nationalised sector apart from water resources, is the exploitation of oil. Barring these two sectors, the distributive trade is in the hands of private traders.

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* These so-called monopolies receive a portion of the commercial benefit tax and are mainly concerned with the promotion of these two industries in Iran.

Government Purchases

Government purchases are made through open and invited tenders (domestic as well as global). Purchases of capital equipment are done generally through global tenders. Government purchases may be divided into two categories (a) Defence and (b) civilian. The latter category covers more than 70 per cent of Government purchases. Industrial and other equipment is purchased by Government through two types of tenders (a) global tenders, where all foreign suppliers are welcome to bid and (b) invited tenders. The Government invites some well known firms to submit bids for specified equipment. Most of the work is done by the companies with the help of Iranian agents.

Iranian Government while awarding the contracts looks into the existing bilateral arrangements like barter or credit arrangements. Hence provision of credit is an important consideration in securing public sector orders.

Distribution Channels

Distributive channels differ from commodity to commodity. In iron and steel, importers supply directly to consumers like construction firms and government agencies. Sometimes, importers take help of the brokers in disposing of their goods to either wholesalers or directly to retailers. The Tehran Bazar is a vast trading area where trading is done both wholesale and retail, simultaneously, by merchants. For all consumer goods, a new type of retailing outlet in the form of super markets is becoming popular. In December 1968, the Tehran Municipality has estimated that Tehran City contained about 84 super markets which sell various types of goods. In other cities also they are becoming popular and might become the most dominant retailing outlets in the near future. It is learnt that these super markets import directly and distribute goods through their own sales outlets.

Sales, Credit and Documentation

Terms of sales in Iranian market differ from commodity to commodity. Across the counter, out-right cash purchases are not popular. Most of wholesalers or wholesaler-importers provide credit ranging between 90 to 180 days. On these transactions, interest is charged generally. Most of importer-wholesalers pay commission to brokers but this charge is also ultimately passed on to the buyer. In these transactions, the organised banking sector provides little help, while "Bazar" (Oriental wholesale retail and capital market) accounts for a large share of funds. The organised banking sector, it is learnt, is providing funds mostly for sale of durable consumer goods like refrigerators, room heaters, coolers and automobiles.

The Bazar is more popular in these transactions despite its high rate of interest and no collatoral is required for giving accommodation for purchase of goods except a "first class signature". This so-called first class signature depends on the general credit worthiness of the trader and his standing. Rates of interest in the wholesale market vary between 11 to 16 per cent depending on the trader and customer and the length of the period of accommodation.

Documentation

Every import whether of authorised or unauthorised[1] category, should be backed by a letter of credit opened with an authorised commercial bank. In the case of iron and steel products a letter of credit must be opened for 100 per cent of the value if imports are from Western European countries, United States, India or Japan. The importer pays on all these imports 104 per cent of the import value. If the iron and steel products are imported from the East European countries including Soviet Union under the bilateral trade or credit agreements, the importer need open an L.C. for 15 per cent of the import value only and the payment should be made on sight. This, the importers regard, is a great advantage as the capital is not blocked.

In respect of bicycles, 100 per cent L.C. must be opened. After arrival of goods, the documents are cleared by paying the full amount to the bank holding the documents and then customs and commercial benefit taxes are paid before goods are cleared. After clearing goods from the customs, the importer can apply for the refund of the deposit from the Central Bank. All imports which are on the basis of barter agreements where an importer also acts as an exporter, no letter of credit is required. The documents are accepted and the transaction is settled at the current exchange rate after goods have reached the proper destination. Machinery imports, whether made from East European or West European countries on credit basis, need no opening of L.C. and the documents become effective on acceptance. However, in regard to cycles, cycle parts and tyres and tubes, unless they are imported on barter, they must be fully covered by a letter of credit. It is learnt that the Central Bank of Iran is not in favour of import of goods on D.A. system.[1] The Central Bank's objection, it appears, is mainly based on the plea that large scale imports on D.A. system have led to an incorrect estimatio of foreign exchange payments. As such, the Central Bank discourages inclusion of goods in the category of documents on acceptance list.

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[1] See Chapter 3.

Shipping

Presently 12 services are operated from India to Gulf ports. These services are considered adequate as they can carry much larger loads than they are presently lifting. It is said that India has an advantage in costs because of her close proximity to Iran. However, certain developments have taken place in the transport field which have reduced this advantage in regard to India's exports to Iran. It is learnt that Japan had opened new services of about 14 per month from the ports of Yokahama, Kobe, Osaka and Nagya to the Soviet port of Nakhodka. These services carry goods from Japan delivering them at the Eastern terminal of the Trans-Siberian railway. Trains, then carry these goods to the Iranian border at Julfa or to ships on the Caspian sea for unloading at Bandar Pahalwi or Nowshahr. The first consignment of goods from Japan to be shipped to Iran via the Soviet Union was unloaded at the Julfa customs house on the 9th January, 1968. It seems the consignment took 20 days to reach Julfa after passing through Siberia, Soviet Union, Soviet Central Asian Republics and westward across the Caspian sea and finally from Baku to Julfa. The customs officials opine that this is the fastest surface route from Japan to Iran. Iran Government is now considering the feasibility of utilising this route as a regular service basis.

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[1] Documents Against Acceptance.

Immediately after the closure of the Suez Canal, Iran had signed a transit agreement with U.S.S.R. under which rates charged by U.S.S.R. would be comparable to those previously charged for Ocean shipment of goods by West European countries through the Suez canal. This agreement concluded towards the end of 1967 increased flow of goods from West European countries through the Soviet Union. On this route, it is learnt, about 120 wagons full arrive daily bringing goods from Europe, United States and East European countries.

Iran had signed another transit agreement on 9th December, 1967 with Iraq according to which Iranian goods destined to Kuwait, Saudi Arabia, Lebanon, Jordan and Syria would pass through Iraq in trucks under bond.

At the present moment, it appears that even the closure of the Suez Canal had no perceptible impact either on flow of goods or on the cost of transportation.

Publicity Media

There are three important media of publicity. They are (a) Newspapers, (b) Television and Radio, and (c) Cinema.

Iran has two English, One French and three Persian dailies. These dailies (including the Sunday editions) carry very modest advertisement material. There are fifteen weekly and three monthly magazines. The Persian dailies have a circulation exceeding 100,000 while the English dailies reach a readership of 25,000 to 30,000. The circulation of French daily is estimated around 10,000 to 12,000. The weekly magazines which carry fiction material have a circulation ranging from 50,000 to 80,000. The advertisement rates vary widely from journal to journal. The weekly journals carry advertisements much more than the dailies. It is learnt that the proportion of women in the readership is greater than that of men.

There are three television channels and there are two broadcasting units located in Tehran and in Abadan. There is an additional channel utilised entirely by American forces. The one hour programme rates in these channels differ widely from 80,000 to 20,000 rials. Rates for spot announcements also vary widely depending upon the length and time of the announcement. Radio Iran also accepts commercial advertisements with a stipulation that the time hired should not be less than half a minute. It is estimated that the number of Television receivers is about 125,000 and the estimated number of viewers, is around 6,000 to 7,000. The number of radio receiving sets is around 2 million with an estimated listners of 15 million.

There are about forty cinema theatres, of which Tehran accounts for more than 25. Rates in these theatres for projection of advertisement slides on monthly basis varies between a low of 750 rials to a high of 80,000 rials.

Many advertisers hire space in vantage points for erection of bill boards and hoardings. Neon advertisement on buildings is also a common feature in Tehran. Consumer goods, if advertised through radio and T.V. is likely to have greater effect than through other media. Advertisements of sophisticated engineering goods and machinery may be carried in newspapers and trade journals. Hoardings and bill boards would also help in sale of engineering goods.

Chapter 3

FOREIGN TRADE POLICY

Every year the Council of Ministers issues a document known as "General Import-Export Regulations for the Iranian Year" These regulations are based on the recommendations made by the Ministry of Economy in charge of foreign trade and are issued under the powers conferred on the executive by the Foreign Trade Monopoly Act[1/] (June, 1932), Production and Export Promotion Act (1958), Transfer of Foreign Exchange transactions to Bank Melli Act (1958) and Monetary and Banking Act of Iran (1960).

Import Regulations:

All goods, which have not been declared as unauthorised (every year a list is appended to the decree of Regulations specifying goods covered in unauthorised list) and which are not legally banned can be freely imported into the country for commercial purposes, by all those traders, holding a valid trade card issued

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[1/] The preamble of the Regulations runs as follows: "The Council of Ministers in its session.....acting on the recommendation No. dated..... of the Ministry of Economy in accordance with the powers given by Foreign Trade Monopoly Act passed in Tir 1311 (June 1932) and Tir 1320 (June 1941) ......hereby approved the General Import-Export Regulations for the year......as follows".

by Chamber of Commerce. Commodities under unauthorised list can be imported after obtaining a licence or approval of the Government by traders. These licences are given by the Ministry of Economy which takes into account all the reasons given by the trader for approving importation of unauthorised commodity. Goods are included in unauthorised list if domestic supply is sufficient to meet demand either full or in part.

Commodity Classification

Thus commodities for import purposes can be classified into three types:-

(a) goods that can be imported by every trade card holder;

(b) goods that can be imported only after obtaining prior sanction of the Government; and

(c) commodities whose import is banned completely (used goods, and goods whose domestic supply is sufficient to meet domestic demand).

These regulations are equally applicable to goods imported under barter agreements. As the unauthorised list changes from year to year, goods which have become unauthorised after the signing of agreement, will be allowed in authorised category only upto the extent of agreed amount in the agreement.

There are separate regulations for the frontier trade. The pedlars, traders and nomads residing in the neutral zone are allowed to bring into the country £ 50 worth of goods (per capita) without duty.

It is earlier pointed out that the "unauthorised" list changes from year to year. "In cases where the Ministry of Economy deems importation of unauthorised goods listed in Regulations as essential due to shortage of protected local products or neglect of regulations in regard to standardisation of goods or due to unfair price increases of such goods in the market, the Ministry with the cabinet approval may declare their importation as authorised and reduce to the necessary extent, the commercial benefit tax on such goods as well as on authorised goods, the price of whose similars at home has gone up unfairly or standardisation regulations have been ignored in their production or their production has fallen."

Importers of machinery and technical equipment under authorised or unauthorised category either as traders or as sole agents are required to import sufficient quantity of spare parts and also to maintain suitable and sufficient number of service stations. If this does not take place and complaints are received by authorities regarding scarcities of spare parts for such machinery and equipment - especially in provincial centres - the matter shall be discussed by a committee consisting of representatives from Ministry of Economy, Agriculture, Water and Power and Roads, Central Bank of Iran, Plan Organisation, Tehran Chamber of Commerce and Chamber of Industries and Mines. Decisions of the Committee are intimated to the offender and if the situation is not rectified within the specified time, the offender would be barred from importing those goods and customs authorities would be instructed not to clear goods of the offender and banks would be barred from opening credits to the offender. Raw materials, spare parts and equipment imports declared as unauthorised due to emergence of local supply, will be allowed to actual users at the discretion of the Ministry of Economy. However, in each case the industrialist has to prove qualitative differences as well as the necessity for such an importation. Even import of a sample by a local producer needs prior permission from the Ministry of Economy. Importation of all container or packing materials for goods manufactured in Iran under a patent is allowed but labels or materials should not contain the phrase that they are manufactured in the country of origin. All goods which contain slogans or symbols derogatory to the dignity of the Iranian nation are prohibited from imports.

Taxes on Imports

All goods, authorised and unauthorised, entering Iran pay customs duties and commercial benefit tax as specified in the regulations unless specially exempted. Sale of foreign exchange for importing authorised goods is subject to relevant laws and regulations issued from time to time. If the Central Bank of Iran were to feel that the foreign exchange reserves are insufficient to meet demands of the importers, the Central Bank and the Ministry of Economy are expected to meet and jointly determine priorities for importation of essential goods. Sale of foreign exchange would be made strictly according to accepted priorities.

All imports are subject to rules and provisions pertaining to the Transfer of Foreign Exchange Transactions Act. Every importer must open a letter of credit according to the regulations of the Central Bank. Goods imported contrary to the regulations 1/ will not

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1/ Issued every year by the Government of Iran as "Import and Export Regulations for the Year".

be cleared. All disputes with regard to classification of a commodity as authorised or unauthorised or in the matter of customs duties or commercial benefits tax, the competent authority to settle disputes or doubts is the Permanent Tariff Committee.

Assessment

Import regulations provide a good deal of freedom to the importer to practise his trade. The classification authorised and unauthorised - is meant to impose a restriction on flow of goods, for which domestic production capacities have been brought into existence. This is mainly intended for according protection to the nascent industries. Protection is also given apart from quantitative restriction (in the sense the flow of goods is on a licence), by a duty imposed on all goods. In addition to the duty, a tax is imposed on all goods known as Commercial Benefit Tax (C.B.T.). The raison d'etre of the tax is that the importer by selling these goods would enjoy a profit if he sells it at the prevailing market price. However, the duty as well as the commercial benefit tax are passed on to the consumer and hence the price gets enhanced. The commercial benefit tax is similar to the countervailing duty imposed on imported goods in India.

Exchange Control

Control of all foreign exchange transactions is vested in the Central Bank of Iran (Bank Markazi). Some of the regulations issued under the Act (1958) are revised in 1967. According to the new regulations, importers placing orders for import of goods are expected to deposit 104 per cent of the value of the order where fully paid letter of credit is obligatory. This deposit would remain with the Bank Markazi until goods are cleared from customs.

All banks dealing with foreign exchange were authorised in 1967 to sell $ 140 to any applicant unconditionally. This order had relieved the pressure on non-banking sector and transferred the transactions to the banking sector.

In mid-April, 1968 all commercial banks were authorised to accept fixed deposits in foreign exchange from Iranian nationals. The order provided that these foreign exchange fixed deposits can be transferred abroad along with any accrued interest at the will of the depositor.

Banks are authorised to offer higher rates of interest than the prevailing market rates for these deposits. Also, depositors are allowed to raise loans on these deposits in Iranian currency.

The Central Bank of Iran, to complete foreign exchange transactions liberalisation, allowed commercial banks to open foreign exchange current accounts to their customers. However, it is stipulated that all these account holders are expected to pay into these accounts all foreign exchange proceeds obtained from any source other than export of goods. These accounts are fully transferable and freely convertible into any currency.

In 1968 the Central Bank of Iran reduced the selling rate of dollar from 75.275 rials to 75.175 ri while keeping its buying rate constant at 75 rials per dollar.

Tariff Policy

Since beginning of the Second Plan, there has been a change in the tariff policy. Of course tariffs are levied both for revenue as well as for protective purposes. The Law for the encouragement of exports and production, states that the following commodities are exempt from duty:

(i) Machinery for production, improvement of conversion of materials or crops in connection with agriculture and animal husbandry, handicrafts and industrial;

(ii) Minerals and packed products;

(iii) Plants for production of spare parts and matches;

(iv) Producing machinery such as cotton gins, oil presses and refinery;

(v) Wool and carpet washing machines and bale presses;

(vi) Fruit drying and fruit cleaning machines;

(vii) Special machinery for extraction of fruit pitting;

(viii) Freezing machinery for cold storage and ice plants (excluding domestic refrigerators);

(ix) Cereal and grain machines; and

(x) Exploiting, exploring-cum-smelting machines for minerals as well as raw materials required for national industries and all types of similar machinery certified by the Ministry of Finance imported for the completion of home industries or for improvement of banks, assortments and packing and converting goods for the purpose of improving their quality or for rendering export commodities into full or semi-manufactured goods.

It should be noted that these commodities must be unused to qualify for this exemption. The Government also reimburse any duties or taxes paid on commodities imported for utilisation in the production of export commodities, on production of relevant documentary evidence that such an export had taken place.

In addition to customs duties, all imports are subjected to commercial benefit tax. This tax is in addition to the ad valorem or specific duties that are imposed on imports. The customs duties on consumer products are generally high relative to import duties on other products.

The Government would not generally like to impose a blanket ban on import of commodities. Imports are utilised for exposing the domestic production to competition from outside. But of course this exposure is of a very limited nature. The Government generally would like to declare a commodity as an unauthorised one meaning thereby that import of that commodity would require a prior sanction of the Government before it is imported. Generally, import duties on all unauthorised commodities are high depending upon the nature of the product. Also the commercial benefit tax is manipulated to give the required degree of protection to domestic industries. Any producer located in Iran (foreign or Iranian) can apply and expect to receive protection from competition of imports in the form of increased tariff rates against such goods. In some extreme cases the Government may impose complete prohibition on importation of goods produced by domestic enterprises. Prior to the grant of such protection, evidence must be presented to the authorities to the effect that the domestic industry is able to supply domestic demand for the particular item in question. It is learnt that in some of the industries, the protection accorded due to the imposition of customs duties and commercial benefit taxes, exceeds 100 per cent of the imported value of the products.

Trade Agreements

During the past three years, Iran entered into a series of trade agreements for furthering Iranian external trade.

Agreement with Russia

In 1965-66, Iran entered into a five year $ 540 million trade agreement with the Soviet Union. According to this agreement the Soviet Union agreed to provide necessary credits to the Government of Iran for undertaking expansion of existing silo capacity to 70,000 tonnes and for establishing new silos with 300,000 tonnes capacity. The Soviet Union also agreed to supply plant for manufacturing 25 to 30 thousand tonnes of machine tools. Also this particular unit will be equipped for manufacturing engineering equipment and other basic components needed by the sugar and cement mills. The Soviet Union undertook as per this agreement, to supply the entire plant and equipment for establishment of a 600,000 tonnes capacity steel mill at Isfahan. This mill is expected to go into production by the end of 1971.

The Soviet Union also agreed to supply equipment for all installations that would be used in mining iron ore and coal as well as technical supervision for construction and erection and early running of the steel mill and the mining ventures. The Iranian Government agreed to supply 6 billion cubic metres of gas in the first year (1970) and increase gas deliveries to 10 billion cub.metres. This 10 billion cub.metres gas supply would be maintained throughout the agreement period. This gas supply agreement can be extended for another period of 10 years with mutual consent. Iran would be transporting the gas through a pipe line and delivering it at Astara, a border town between the two countries. The Soviet Union undertook to supply all the compressors needed for the work of the gas line. The income derived from export of gas to the U.S.S.R. will be used to amortise part of the credits granted for the construction of the steel mill, machine tool plant and the installation provided by the Soviet Union for the gas line. The balance will be utilised by the Iranian Government for making purchases of machinery and plants on terms to be settled at the time of purchase.

Czechoslovakia

As per trade agreement with Czechoslovakia, Iran agreed to utilise a credit of 42 million dollars provided by the Government of Czechoslovakia for purchasing equipment for the establishment of a second machine tool plant at Tabriz. This plant would turn out 2,250 tonnes of machine tools, 10,000 compressors and 10,000 pumps (2" to 10"); 20,000 single phase motors (90 to 750 watts); 20,000 3-phase motors (120 to 4000 watts) and 3,300 diesel engines within horse power range of 9 to 27.

Discussions were also in progress between Governments of Czechoslovakia and Iran for conclusion of an agreement by which Czechoslovak Government is expected to provide 80 to 100 million dollars worth of credit for procuring equipment for establishment of a 100 MW turbine manufacturing complex in Iran. The Czechoslovak Government also agreed to provide credit of 5.33 million dollars for establishing a cycle factory. This unit is expected to produce 15,000 motor cycles, 24,000 mopeds and 100,000 bicycles.

Rumania

A series of 6 agreements were signed with Rumanian Government in 1968. Under these agreements, Iran and Rumanian trade would be expanded to almost 250 million dollars worth of goods exchanging hands in a five year period. Rumania agreed to provide two credits one worth $ 10 million for meeting expenditure on timber projects in Gilan, and another worth 15 million dollars for development of an agricultural project covering 8,500 hectares near Risht for specialising in production of tobacco and cattle raising. Rumania also agreed to take a part of tobacco production from Iran as a payment against these credits. Rumania also agreed to provide another $ 10 million worth of credit for enabling Iran to purchase agricultural implements. An unspecified amount of credit is provided in the agreement for utilisation by Iran for getting equipment and parts necessary for copper prospecting, caustic and grey soda factories and for manufacturing of carbon black and insecticides. Rumania also agreed to take repayments for all these purchases in crude oil. These crude oil purchases were in addition to 83 million dollars worth of crude oil which Rumania had agreed to purchase from Iran under the previous agreements. Further Rumania agreed to sell 15,000 field tractors as well as a tractor assembly plant for assembling 5,000 tractors by 1970-72. The final agreement was reached in 1967 and the construction was expected to start in 1969. Temporarily a ban has been imposed on imports of all tractors.

Hungary

Hungary agreed to provide a credit worth $ 40 million to Iran. This amount was refundable in 10 years and the rate of interest charged was 2.5 per cent. This agreement was entirely a barter deal. Iran agreed to purchase railway equipment for modernising railways, diesel engines, passenger coaches and goods wagons from Hungary, apart from industrial and other agricultural equipment which Iran might purchase. Hungary also agreed to provide assistance in exploring new minerals. All purchases would be met through petroleum exports which Iran would make under this agreement. Iran agreed to utilise the $ 40 million credit in 5 years. It was learnt that Hungary was interested in assisting Iran in the establishment of an aluminium manufacturing plant at Ark. Hungary further agreed to provide equipment for establishing petro-chemical units in Iran.

Yugoslavia

Iran entered into an agreement with Yugoslavia according to which Yugoslavia agreed to provide $ 50 million worth of credit and this would be repaid by through export of oil, raw cotton, textiles and hides. In return, Iran agreed to purchase from Yugoslavia ships, ship building equipment, irrigation and power equipment.

U.S. Import-Export Bank

In addition to the above agreements, Iran had signed agreements with the U.S. Import - Export Bank for provision of a credit of 22 million dollars. This credit is provided for establishment of a steel pipe fabricating plant (10 million $) in the private sector at Ahwaz. About $ 8 million would be utilised by the Iran National Airways for purchase of 2 Boeing 727 and the remaining amount would be utilised for the purchase of spares for railways.

Indo-Iranian Trade Agreement

According to Indo-Iranian trade agreements signed in 1967, Iran and India agreed to increase annual exchange of goods to 32 million dollars each way.

Iran agreed to supply crude oil to Madras Refinery. Other Iranian exports to India include petro-chemicals worth $ 5 million and dry fruits worth $ 2 million. Iran agreed to import from India industrial equipment, chemicals, pharmaceuticals, railway equipment and alumina oxide.

Agreements with other countries

Iran also concluded trade agreements with Morocco, Saudi Arabia and other Gulf countries. Iran has also been providing credits to these countries for the purchase of manufactured goods from her.

In addition to these agreements, Iran is a member of the Regional Cooperation for Development of which Iran, Turkey and Pakistan are members. These three countries at present moment are interested in collaborating with each other in trade and in industrial development. Iran agreed to supply to Pakistan and Turkey basic materials for manufacture of fertilizers. In return, Turkey agreed to concentrate on production of rail-road engines and wagons while Pakistan is to specialise in production of textiles and jute manufactures.

Iran also entered into a trade agreement with Japan according to which the latter agreed to lift increased levels of raw cotton and supply the former with industrial equipment.

All these agreements show that Iran places increased reliance on bilateral agreements with a heavy barter content. It may be observed that Iran has launched a large programme of investment which would lead to an enormous import bill. This import bill under present conditions, cannot be met without a significant expansion of exports. Exports, especially when her industries are young, may not be in a position to face severe international competition. Hence Iran is determined to secure an assured market for its products, especially non-oil products, to cover trade deficits through bilateral agreements.

Procedure for imports and exports

Every importer must have a trade card. This particular card is granted on the recommendation of the Chamber of Commerce operating in the particular area. Permanent residents of Iran who are not Iranian nationals are expected to secure a work permit also along with the trade card to engage in import trade.

Every importer must open a letter of credit for import of commodities. However, the letter of credit restrictions differ from commodity to commodity. In the case of import of unauthorised goods, every importer must secure prior approval of the Ministry of Finance before placing an order for import of such goods. For all unauthorised imports, about 104 per cent of the imported value must be deposited with the Central Bank of Iran for opening the letter of credit. After receipt of goods, the importer must clear the documents by paying the full amount of the value of imported goods and clear goods with the customs after paying the necessary customs duties and commercial benefit taxes. The importer can then apply for a refund of the deposit with the Central Bank. If the importer is importing machinery on credit, he need not open a letter of credit, but must inform the concerned authorities with regard to the mode of payment and the period of credit that is extended to him. In all the permitted goods, the letter of credit can be opened and no prior sanction is needed.

Import Substitution

The Fourth Plan states that the "Fourth Plan is the first stage of a long term programme to industrialise the country, the objective of which is to make the country independent in consumer goods and to manufacture capital and intermediate goods inside the country so as to minimise the volume of imports and to diversify the export of locally manufactured goods to foreign countries. This will reduce the dependence of the economy on oil revenues" (p.120). Industrialisation would change the pattern of imports. During the past five years, the proportion of consumer goods in total imports has gone down while the proportion of capital goods has increased. In Table 3, the total availability of manufactures, domestic production and import contents are given for the period 1965 to 1970 in terms of value of output. In Table 4, details about various industrial plants that are established, year of production, their capacities, import content in the production, etc., are presented.

In 1965 consumption of manufactured goods in Iran was met to the extent of 71 per cent (of the total value) by local production and the remaining 29 per cent through imports. However in 1967, the proportions seem to have altered slightly in favour of imported goods. The 1968-72 Plan anticipates that by the end of 1972, in consumption of manufactured goods, 74 per cent would be met by local production and the remaining 26 per cent by imports. By 1977, it is anticipated that Iran would be meeting 77 per cent of its demand for goods of the industrial sector by domestic production while 23 per cent would be met through imports.

From table 1, it is apparent that import content in consumption of manufactured goods is as low as 5 per cent in the case of leather products and as high as 80 per cent in the case of basic metals, machinery and equipment in the year 1965. By 1977 in basic metals, consumption would be substituted by local production to the extent of 91 per cent and import content would be of the order of only 9 per cent. However, in the case of machinery and electrical equipment, the present import content in the domestic availability is of the order of 80 per cent. Even in 1977 it is anticipated that the import content would still be of the order of 62 per cent. As such it is concluded that possibility of exporting machinery and electrical equipment to Iran from outside world is great. Even though import content as a proportion of total domestic availability of industrial production may go down during the peiod 1965-77, the absolute level of imports in most of the industrial categories of goods would be more than doubled.

However, a break-down of these categories reveals that increase in imports in the intermediate category is more than in the case of finished products. Effecting import substitution of this order is of course dependent on the materialisation of the anticipated production levels in all these categories.

Chapter 4

REVIEW AND PROSPECTS OF TRADE

The following table gives exports, imports and balance on current account for the period 1958 to 1967.

(Million dollars)

	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967
Exports	741	768	845	849	983	933	1254	1303	1309	1930
Oil	625	675	725	720	866	812	1110	1136	1147	1748
Others	116	93	120	129	97	121	144	167	162	182
Imports	572	-	-	686	532	523	673	860	930	1127
Balance on Current Account	-168	-111	-136	37	37	72	39	-102	-140	-85

(Source:- International Financial Statistics, 1965 for [1] 1958-59, 1960 and Sept. 1968 for 1961 to 1967)

During the ten year period 1958-67, Iran experienced an unfavourable balance on current account. However, the data for merchandise exports and imports reveals a sizeable balance and deficits must be attributed to invisible imports and transfer payments like investment income. The investment income as reported in

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[1] The data provided in IMF Reports do not tally with the data provided in the statement on Balance of Payments given in Bank Markazi (Central Bank of Iran - 1967). The trade figures presented above are from I.M.F.

International Financial Statistics (October 1968, page 221) reveals net outflows of the following order in various years.

1962	...	345 million dollars
1964	...	362 "
1966	...	448 "
1967	...	587 "

It is reported that the situation improved in 1968 due to increase in receipts from oil companies and deficit in trade balance also came down substantially.

Balance of Trade

The 1968-72 Fourth Plan envisages the following order of magnitudes in current account of balance of payments.

Balance of Trade

(Million dollars)

	1968	1969	1970	1971	1972
Receipts (Exports)					
Current Revenue					
(a) Oil	1005	1204	1400	1602	1823
(b) Others	192	240	306	410	567
(c) Services	127	133	140	147	155
Total	1323	1577	1846	2159	2545
Current Expenditure (Payments for imports)					
(a) Goods	1345	1514	1705	1883	2126
(b) Services	260	300	344	396	456
Total	1605	1814	2049	2279	2582
Trade Balance (-)	282	237	203	120	37

The deficit in the trade balance would be met through capital imports in the capital account wherein net surpluses (net loans and capital) of the following order would be generated.

(Million dollars)

	1968	1969	1970	1971	1972
Capital Account					
(a) Loans and imports of capital	646	687	551	591	562
(b) Repayment (including interest)	190	201	274	442	416
Net Receipts over Payments	456	486	277	149	146
Trade Account (Current Account)	-282	-237	-203	-120	+37
Net Balance	+174	+249	+74	+29	+129

(Source:- Fourth Plan of Iran, page 57)

Export Projections

Balances on current account during the period are estimated under the assumption that Iran would be exporting 600 million dollars worth of petrochemical products apart from 75 million dollars of aluminium products. A very good performance of the export sector in addition to large-scale flow of funds either as direct investment or as loans is a precondition of the successful completion of the Fourth Plan. Import levels that are likely to materialise due to expansion of domestic investment may not materialise if the export sector fails to respond as planned. This means that exports of goods other than oil must go up from $ 175 million in 1967-68 to $ 567 million in 1972, an increase of 224 per cent in five years. This export performance would be achieved partially through barter agreements. Iran welcomes joint ventures in which the collaborating party would lift part of the production and thus assure a market for new production. There is no doubt in regard to Iran's intention of using future imports as a bait for pushing her products in external markets. It would import more only when the other country agrees to take larger quantities of Iranian goods.

Planners are fully aware of the difficulties involved in attaining export projections. In agricultural products, the targets may be attained. However, in pushing manufactured goods, exporters, operating in a protected domestic market may not care to leave the safe heaven and plunge into the competitive and rather risky export business. Hence the emphasis is on bilateral barter agreements. Discussions with the persons connected with the determination of trade policy reveals that at present 15 to 17 per cent of trade passes through barter channels. It is learnt that Iran intends to push atleast 30 per cent of trade through barter channels. This means that out of the $ 2.1 billion worth of merchandise imports, about 600 million dollars worth of goods would be imported from countries which have entered into barter agreements.

To sum up, Iran is fully aware of the implications of its investment plans on the external sector and is conscious of the deliberately planned trade deficits. It intends to cover deficits through increased utilisation of foreign loans as well as by pushing exports to the maximum extent. For increasing exports, Iran intends to rely on barter agreements and joint ventures where the collaborator agrees to market or take a part of production.

Balance of Payments

The overall balance of payments position was favourable to Iran in 1963, 1964 and 1965 and it turned adverse in 1966 and 1967. The favourable position in 1965 was achieved because of the bonus payment of the order of $ 185 million by new oil companies. A detailed statement of balance of payments position is presented in the following table.

Balance of Payments

(Million dollars)

	1963	1964	1965	1966	1967
I. Current Account					
Exports					
(a) Oil sector	437.2	470.8	568.8	607.5	710.8
(b) Others	132.6	148.0	146.0	209.8	230.0
Total	569.8	618.8	714.8	817.3	940.8
Imports					
(a) Merchandise	438.9	443.7	642.7	791.1	952.2
(b) Non-monetary gold	0.4	0.2	0.3	0.5	1.2
(c) Services	88.4	104.2	116.2	140.7	138.4
Total	527.7	548.1	759.2	932.3	1,091.8
Trade Balance	42.1	70.7	-44.4	-115.0	-151.0
II. Capital Account					
(a) Use of long term foreign credits	54.5	14.8	28.6	80.3	146.6
(b) Repayment of long term loan	-47.2	-52.0	-66.6	-54.1	-41.0
(c) Foreign grants	...	...	...	...	...
(d) Private Foreign loans and investment	2.0	4.2	1.6	4.8	20.6
(e) Repayment of private foreign loans and repatriation of capital	...	...	-1.7	-4.4	-3.9
(f) Monetary gold	-0.1	-0.1	-0.1	-0.4	...
(g) Compensation to Anglo-Iranian Oil Company	-7.0	-7.0	-7.0	-7.0	...

(Contd.....)

Incidental Receipts and Payments					
(a) Receipt of consortium advances	-14.0	...	...	36.0	-36.0
(b) Bonus from new oil companies	...	...	185.0	5.0	...
(c) Oil revenue from consortium due to change in payment procedure	...	...	...	...	44.8
III. Overall Balance of Payment	30.3	30.6	95.4	-52.2	-24.6
IV. International Liquidity (Reserves Gold + Foreign Exchange)	246.0	199.0	236.0	255.0	319.0

(Source:-Bank Markazi - Annual Report, 1967, page 128-29).

Note:- Trade figures provided in this statement do not agree with the figures provided in IMF or other reports. We have not attempted a reconciliation of the two figures as no information is available on the break down of trade figures in current account.

Foreign Exchange Reserves

Foreign exchange reserves of Iran had been steadily growing from 79 million dollars in 1961 to 144 million dollars in 1967. In April 1968, they reached a record level of 196 million dollars although subsequently they declined. In 1964 Iran drew 18 million dollars from the Fund and repaid 4 million dollars in 1965. However, in 1968 Iran drew 17 million dollars and the outstanding drawings by the end of 1968 were of the order of 31 million dollars.

In 1968 the balance of payments are reported to have come out virtually at a level with a marginal deficit of 1 million dollars. This improvement in balance of payments position is attributed to the following factors.

(a) Increase in oil royalties from $ 644 million to $ 729 million. The system of royalty payments by Consortium (oil) is changed from quarterly instalments to monthly instalments. This change, it is said, had evened the flow of receipts.

(b) Iran utilised about $ 200 million of long term loans provided by various Western countries in 1967-68 as against a loan utilisation of $ 87 million in 1966-67.

(c) Exports of goods (other than oil) rose by about 9 per cent in 1967-68 over the 1966-67 level of $ 132 million.

(d) There was a drop in the debt servicing and the $ 141 million level is the lowest reached during the period 1963-67. Also the $ 7 million annual payment as compensation to the Anglo-Iranian Oil Company is discontinued as total compensation is fully paid.

(e) The Bank Markazi officials feel that the favourable turn in the balance of payments is partly due to Arab-Israeli war which brought a shut-down of oil industry in many Arab countries followed by various periods of boycott against Western consumers. This gap in supplies to Western Europe was filled by Iran whose oil production during the period registered an increase of 22 per cent over 1965-66 level.

(f) Also, the private sector, placed less orders for imports as cost of imports had gone up steeply due to the closure of Suez Canal. However, this situation improved with the arrival of goods through an over-land route from Western Europe.

To sum up, the balance of payments position of Iran in 1968 can be termed as satisfactory. However, import levels are high leaving a trade deficit despite large increases in exports of oil and other products. Only in 1967-68 Iran was able to attain a very near balance because of utilisation of foreign loans and credits. It intends to build a reserve of $ 633 million of foreign exchange by the end of Fourth Plan while meeting enormous developmental import needs. For this purpose, it intends to raise and utilise foreign exchange credits provided by others to the extent of $ 3,037 million of which more than half would go for repayment. By 1972 Iran intends to end up with net foreign loans of the order of $ 1,524 million and foreign exchange reserves of $ 633 million. In arriving at these levels, the planners have taken credit for $ 600 million worth of petro-chemical and $ 75 million worth of aluminium exports. For the entire period the overall balance of trade position would be deficit, of the order of $ 880 million.

The economy is buoyant and is fast growing Its international liquidity is good. However, one cannot ignore the fact that it has launched large plans on the anticipation of a high credit level to finance its imports. If exports were to fail to keep to plan schedule, a bigger gap in trade could result.

Increase in Imports

Imports during the period 1962-63 to 1967-68 increased at a rate of 24 per cent per annum as seen below. During this period, in 1963-64, there was a decline in the import level over the previous year. In this year, the Third Plan was launched and investment acitivity in the country picked up especially in the private sector. The decline in imports during 1963-64 is attributed to the then prevailing recessionary conditions and rigorous credit control policy. However, from 1964-65 the economy recovered and import began increasing at very rapid rates. Figures below show Iran's imports during the period 1962-63 to 1967-68.

(Million $)

1962-63	1963-64	1964-65	1965-66	1966-67	1967-68
548	514	742	870	962	1,206

Composition

About 70 per cent of imports consist of capital goods and raw materials. Machinery and components category which accounted for 18 per cent of total imports in 1962-63, formed nearly one-fourth of total imports in 1967-68. Iron and products in 1962-63 increased to $ 186 million from $ 60 million. Chemical and pharmaceutical items which were $ 50 million in 1962-63 increased to $ 96 million in 1967-68. Imports of machinery and electrical appliances and their parts increased from $ 39 million to $ 84 million. Imports of tea declined from nearly $ 10 million or less than 2 per cent of total imports to $ 9 million or less than 1 per cent. Fats and oil products including oilseeds increased from $ 12 million or slightly more than 2 per cent to $ 28 million, almost a similar percentage as before. Sugar imports declined to $ 13 million from $ 15 million. Tanning and dyeing extracts and other related materials increased by $ 8 million to $ 18 million. Substantial increases were also observed in paper, card-board and related products, even though their percentage share in the total imports fell. Imports of these products increased from nearly $ 14 million to $ 22.4 million. Other miscellaneous goods including consumer goods which accounted for nearly $ 164 million in 1962-63 increased to $ 396 million in 1967-68, thus accounting for nearly 32 per cent of total imports. In Table 5 commodity composition of imports for the years 1962-63 to 1967-68 is presented.

Rise in Capital Goods

One particular aspect which comes out clearly, apart from the dominating position of capital goods in the composition of imports, is that imports of wheat and other foodgrains fell substantially from nearly $ 16 million in 1962-63 to $ 4 million in 1967-68. This decline is of a very recent origin as even in 1966-67, imports were worth nearly $ 16 million. In fact Iran is now counting on exporting wheat to the neighbouring countries because of improvement in production. Even though sugar imports have come down only marginally, it is learnt that expansion of the sugar production capacity is likely to lead to a further decline.

By 1972, if the present rate of investment and the resultant economic growth were to materialise, the aggregate import levels are expected to reach $ 2.5 billion in 1972 and top $ 3.0 billion in 1977. This would mean an increase of more than 1.8 billion dollars in 1977 over the level of $ 1.2 billion in 1967-68. In this anticipated level, it is estimated that imports of intermediate and raw materials would be of the order of $ 1,142 million, machinery and equipment $ 947 million and consumer goods $ 486 million. It means that the market for consumer goods would increase during next ten years at a rate of 2.2 per cent per annum from the present level of nearly $ 400 million. These expectations are in accordance with the policy objectives and present restrictive measures that are in vague on consumer goods imports. Machinery and electrical equipment category would continue to be imported even by 1977. Under this category, about $ 800 million would be the level of imports for investment purpose. In the metal products group, imports in 1977 for intermediate consumption would be of the order of $ 200 million. Hence, it is concluded that even though imports would expand at a fast rate, commodity composition would materially alter and for overseas exporters of intermediate materials and capital goods, Iranian market is an expanding one.

Direction

In Table 6 direction of imports of Iran for 1962-63, 1966-67 and 1967-68 are presented. A synoptic grouping of sources of Iranian imports is also presented below:

(Million $)

Imports from	1962-63		1966-67		1967-68	
	Value	Percentage	Value	Percentage	Value	Percentage
Common Market Countries	196	35.6	342	35.0	475	39.4
Socialist Countries	28	5.0	86	9.0	89	7.4
U.S.A.	104	18.7	194	19.7	215	17.9
U.K.	103	18.6	124	12.6	141	11.7
Japan	31	5.5	74	7.6	43	7.6
Others	86	16.6	143	16.1	193	16.0
Total	548	100.0	963	100.0	1,203	100.0

It is evident from the above table that the Common Market Countries namely West Germany, France, Benelux, Netherlands and Italy which accounted for 35.6 per cent of the total imports in 1962-63 increased their share to 39.4 per cent in 1967-68. Of total imports from the Common Market Countries, West Germany accounted for more than 50 per cent. The United States, which was first amongst the suppliers to Iran slipped to second position. The U.K. which stood second only to the U.S.A. in 1962-63 in the matter of exports to Iran, was relegated to third position. These three countries together account for more than 50 per cent of total imports. Imports from Japan which accounted for less than 6 per cent increased to slightly less than 8 per cent. Japan's share in terms of absolute value increased by 200 per cent. It is said that this increase is facilitated by Irano-Japanese Agreement under which Japan agreed to take larger quantities of Iranian produce like dried fruits, cotton and liquid petroleum gas. The Socialist Countries (U.S.S.R., Czechoslovakia, Rumania, Hungary, Poland and Yugoslavia) which accounted for nearly 5 per cent in 1962-63 increased their share to 7.4 per cent in 1967-68. This increase is the result of barter-agreements.

Imports from India

Imports from India which stood at $.11.3 million in 1962-63 increased to nearly $ 23 million in 1967-68. However, in terms of percentages, there is a decline from 2.04 per cent to 1.90 per cent.

Another interesting feature in the direction of imports is the increasing share of Iran's neighbouring countries like Kuwait, Oman and other gulf countries.

Imports from R.C.D. partners (Pakistan and Turkey) actually declined from 1962-63 level of nearly $ 4 million.

Exports

Exports of Iran during the period 1958 to 1967 increased from $ 741 million (including oil) in 1958 to $ 1930 million in 1967, or by nearly 17.7 per cent per annum. Export figures are as hereunder:

	(Million dollars)
1958	741
1959	768
1960	845
1961	849
1962	983
1963	933
1964	1254
1965	1303
1966	1309
1967	1930

Composition

It is apparent from the figures in Table 7 that oil exports account for nearly 90 per cent of the total exports, rest being non-oil exports. Non-oil exports in 1965-66 and 1966-67 were of the order of $ 180.7 and 157.5 million respectively. However, in 1967-68 exports of non-oil products picked up significantly exceeding the level attained in 1965-66. In this category, hand woven carpets and raw cotton dominate. These two commodities between themselves account for nearly 50 per cent of total non-oil exports while fresh and dried fruits form about 12 to 13 per cent. Other important export commodity is Caviar, which constitutes less than 3 per cent. During the past few years, leather and leather goods and metallic ores entered Iran's export trade. Leather goods in 1965-66 accounted for about $ 10 million or less than 6 per cent. In 1966-67, they increased to a record level of $ 14.4 million accounting for about 9 per cent. However, the position deteriorated in 1967-68 and the leather goods exports dropped to less than $ 12 million. Metallic ores exports which stood at $ 10.7 million in 1965-66 declined in 1966-67 and 1967-68.

Future Pattern

As stated earlier the five year plans have a specific objective of diversifying export sector so that there will be a reduction in dependence of the economy on a single commodity, i.e., oil. The Iranian strategy of industrial development aims not only at affecting maximum possible import substitution but also lays an equal emphasis on export promotion. For promoting exports, certain high value adding and advantageous (in terms of Iran's industrial resources) industries like petro-chemicals are chosen and development of these industries is going at a very fast rate.

The product-mix of some of the petro-chemical plants, their production capacity and the anticipated exportable surplus are given in Table 8

Iran would not be needing any raw materials for manufacture of artificial fabrics. The petro-chemical industry would supply all the materials needed for manufacture of plasticisers, synthetic rubber, fertilizers and artificial fibres like nylon, terylene, etc. Iran has actually planned for export of nearly quarter of a billion dollars worth of petro-chemical products to other countries from 1972 onwards. These large capacities in the petro-chemical industries are being planned with a view to enable Iran to diversify its export sector and to facilitate exports in a big way. Iran has also planned a huge aluminium smelter as R.C.D. project. The smelter would be established at Ark and is expected to produce 50,000 tonnes of aluminium ingots. Of course Iran does not have raw materials and hence it has very seriously considered the possibility of importing alumina from India to feed the smelter plant. At present moment, the Reynolds Corporation of the U.S.A. and the Government of Pakistan are collaborating in this particular project. Iran also intends to export automobiles and trucks produced. There are now 4 to 5 assembling units. The Leylands, Mercedes Benz, American motors and two other British companies are at assembling passenger cars as well as diesel trucks.

Iran has realised that during the period of establishment as well as in the beginning stages, its products would not be competitive in international markets. Hence Iran would like to enter into barter agreements for disposal of its manufactured products.

By the end of the Fourth Plan, as earlier observed, Iran would like to raise non-oil exports to a level exceeding half a billion dollars from the present level of less than 200 million dollars. This is a formidable task. On agricultural side, it intends to increase production of cotton to facilitate an increased exports and it is definitely intending to stay as an exporter of wheat. Iran regards the Gulf States as natural marketing outlets for its industrial and agricultural products. It exports considerable quantities of potatos, onions, melons, cherries, dates and citrus fruits to the Gulf States. It is estimated that about 200 tonnes of fruits and vegetables are exported to them every day. Iran exports its superior caspian rice to the gulf countries while it imports around 2 to 3 thousand tonnes of Pakistani rice for domestic consumption. Iran is planning to export cement to them especially the Sheikhdoms. In order to promote exports to these Sheikhdoms, Iran established at Dubai a permanent exhibition of its manufactures. The quantification of the export surpluses apart from petro-chemicals is at present rather difficult even though we have been able to name the commodities in which sizeable export surpluses are anticipated.

Direction of Export Trade

The U.K. which accounted for 16 per cent of total exports in 1962-63 had absorbed about 22 per cent in 1967-68 (Table 9). However, Japan which accounted 7.71 per cent increased its share to 28 per cent. This phenomenal increase in exports to Japan is on two counts - first, under bilateral agreements, Japan agreed to take larger volumes of cotton and dried fruits and other mineral products. Also it is lifting considerable quantities of crude oil. It is learnt that under bilateral agreements Irano-Japan trade increased substantially and in 1967-68, Japan took more than a quarter of Iranian exports. Exports to India which accounted for 8.79 per cent in 1962-63 declined to 4.02 per cent in 1967-68. Exports to West Germany declined from 11 per cent to 3 per cent. The share of Common Market countries declined from 20 per cent to less than 13 per cent. Iran is increasingly looking not only to the neighbouring gulf countries for marketing its products but also has started taking greater interest in the East European markets.

Chapter 5

TRADE WITH INDIA

India is one of the hundred and odd countries which trade with Iran. Iran's imports come from more than 107 countries while exports go to more than 90 countries. India in 1965-66 took 1.61 per cent of the imports and in the last two years, there was a slight improvement in percentage share to the extent of 0.3 per cent. Iran's exports in 1967-68 were about $ 1.96 billion of which India's share was about $ 79 million or 4.02 per cent of total. The table below gives trade between the two countries from 1965-66 to 1967-68.

Trade with India

(Million dollars)

	1965-66	1966-67	1967-68
Total imports of Iran	870.0	962.0	1206.0
Imports from India(c.&.f.)	14.3	18.1	23.0
Percentage	1.61	1.84	1.90
Total exports of Iran (f.o.b.)	1370.28	1385.04	1961.11
Iran's exports to India (f.o.b.)	56.68	39.64	78.76
Percentage	4.14	2.86	4.02

Imports from India in Composition

Tea is the single largest item and in 1965-66 exports from India were of the order of $ 5.3 million while in 1967-68 they came down to $ 4 million. India exported in 1965-66, $ 241 million worth of tea abroad of which Iran's share was slightly more than 2 per cent. In 1967-68, even though total tea exports were of nearly the same order i.e., $ 240 million, the exports to Iran at $ 4 million declined.

The second important item in India's exports to Iran is iron and steel products like bars and rods. In 1965-66, exports of these commodities were less than half a million dollars and in 1966-67 and 1967-68, they accounted for $ 1.2 million and $ 3.9 million respectively. In 1967-68 India exported angles, shapes and sections worth $ 2.5 million. Exports of iron and steel products in 1966-67 and 1967-68 were of the order of $ 2 million and $ 0.5 million respectively. Iran's share in India's exports of iron and steel products in 1966-67 was 6 per cent and in 1967-68 it increased to 15 per cent. It is clear that Iran takes a significant portion of Indian exports of these products. This phenomenal increase in these products is due to an increase in export of items like bars and rods, angles and shapes and pipes and tubes.

Third important product is jute manufactures. In 1967-68 value of jute products exported to Iran was about $ 2.69 million. The table below gives commodity-wise imports in 1967-68 with India's share in each item

Commoditywise Imports of Iran, Indian Share etc.

(Million $)

Commodity	Total imports	Exports from India	India's share (%)
Iran and steel products	186.1	11.4	6.1
Tea	8.9	4.1	46.0
Jute products	6.0	3.2	53.0
Spices	2.8	0.14	5.0
Medicines & Pharmaceuticals	43.9	0.33	neg.
Tyres & tubes of bicycles	0.9	0.6	6.7
Cycle and cycle parts	1.9	0.6	31.6
Electric fans	2.6	0.9	34.6

(Import figures are c.i.f. while export figures are f.o.b.)

Exports to India

Exports to India consist mainly of petroleum products including crude oil, dry fruits and carpets. In 1967-68, these amounted to about 78 million dollars and of these petroleum products including crude oil accounted for nearly 96 per cent of the total.

Problems

India has always been having an unfavourable balance of trade with Iran. However, Iranians also talk of having an unfavourable balance of trade with India by excluding oil. This contention is based on the plea that Iran has not control over exports of oil made by the consortium. But from India's point of view, imports exceed exports resulting in an unfavourable trade balance.

Trade between India and Iran is regulated by the Indo-Iranian trade agreement signed in Tehran in 1964 and subsequently extended upto 1970. Despite steady improvement in exports India cannot achieve trade balance due to rising oil imports. However, the trade deficit could be cut to a large extent by expanding further exports. As is pointed out in the trade agreements portion, Iran is fast expanding its capacities in the production of many engineering and industrial goods and hence is anxious to secure suitable markets for its products. It is definitely looking to India as a market for growing surpluses in fertilizers, sulphur and other petro-chemical industries. It is also stated that in order to secure stable and assured market, Iran is entering into a large number of barter trade agreements. New industrial units especially in petro-chemical group are coming up with capacities that would leave large surpluses for export. Under these circumstances, expansion of exports to Iran can take place only if India is willing to accommodate by lifting some of products of these new units, like fertilizers, sulphur, copper, and petro-chemical products. In this connection it may be pointed out that some time back Iran had approached India and tried to secure an assured supply of alumina for its proposed aluminium smelter plant at Ark. This plant is expected to have a capacity of 50,000 tonnes which will be far in excess of its requirements. Facing surplus production of more than 20,000 tonnes, Iran wanted that India may take some quantities of aluminium ingots. However, no agreement could materialise as India was not keen to accept aluminium ingots as payment for alumina.

PART THREE

TRADE PROSPECTS FOR INDIA

Chapter 6

EXPORT PROSPECTS OF INDIVIDUAL COMMODITIES

Iron and Steel Products

Iran imports considerable quantities of iron and steel products comprising bars, rods, strips, beams, angles, sheets of finished galvanised or tincoated type, piping of cast iron, pipes and tubes of various types and sizes, joints and structurals. As seen from Table 10 imports of these products during the past five years increased from 374,000 tonnes in 1962-63 to 1.2 million tonnes in 1967-68, an increase of nearly 220 per cent. In value, the increase is equally significant. This large increase is due to significant increases in investment and consequent expansion in construction and manufacturing activities.

At present, Iran has no domestic steel production and as such apparent consumption coincide with the imports. However, it is of interest to note that a steel mill at Isfahan with the help of the Soviet Union is being erected.

Demand projections for all types of iron and steel products for the period 1966 to 1975 are as under:

	(Million tonnes)
1966(actual consumption)	0.76
1968 -do-	1.19
1970	1.35
1972	1.57
1975	2.00

The steel mill under construction is scheduled to produce 600,000 tonnes of products. The product-mix is as under:

(a) Beams and channels upto No.30

(b) Rounds - maximum size 150 MM diameter - length minimum 3 to 5 metres.

Production of beams and channels will be around 240,000 tonnes and the rest being rounds. The plant is scheduled to be expanded in 1972. During the first stage, the plant's capacity would be doubled upto 1.2 to 1.4 million tonnes of finished steel. This expansion is anticipated to be completed by 1974. During the first phase of expansion, no change in the product-mix would be made. The mill will be of continuous casting type and there would be no ingot production. In the second stage of expansion, capacity would be increased to 4 million tonnes according to the prevailing thinking of the authorities. From 1974 onwards, the mill would take up production of flat products. A hot strip and plate mill would be added to the steel plant. The capacity of the plate mill would be determined after a thorough market survey. The equipment for construction of the steel plant in all its phases and plate mill would be supplied by the Soviet Union.

Isfahan Steel Plant

Apart from the Isfahan steel plant, a modern re-rolling mill is set up with a capacity of 150,000 tonnes per annum at Ahwaz and the capacity would be expanded to 300,000 tonnes if licence is granted. This mill has a long term programme of expansion. In the present stage, it would be confined to re-rolling products. In the second stage by using scrap and iron ore in electric furnaces, the plant would turn out steel. It is planning to utilise scrap from the pipe mill attached to Abadan factory and cast them into billets. In the third stage, the plant aims for hundred per cent self-sufficiency through a process of making sponge iron, i.e., direct reduction of iron ore by natural gas, like the one in Mexco. In this particular project, it is learnt that the Phillip and Demag of Germany has promised collaboration.

It is learnt that as construction of the Isfahan steel plant is lagging behind steel would not be flowing out before the end of 1973. Even this date is considered as very optimistic. Thus the 4 million tonne production target during the 1975-80 period in all probability may not be attained. However one can safely accept that the present plant would be expanded to 1.4 million tonnes by 1975. As demand in 1975 would be of the order of 2 million tonnes it is assumed that the present rate of investment would continue and the capacities for rolling, pipe mills, etc., would be further strengthened. Import demand for iron and steel products in 1975 after taking into account domestic production can be placed at half a million tonnes.

More than 358 million dollars of investment would be allocated to irrigation projects during the Fourth Plan. The foreign exchange component of this investment is estimated at $ 132 million. Also it is learnt that consumption of iron and steel products by these projects would be of the order of about $ 120 million. This order of investment and consumption can certainly be expected to generate a demand for iron and steel products in excess of half a million tonnes.

Major Suppliers

Major suppliers of iron and steel bars, rods, strips are India, West Germany and Italy. During 1967-68, these countries together supplied steel goods worth 343 million rials (77.10 per cent) out of total imports of 445 million rials. India emerged as the biggest supplier in 1967-68 with a share of 34 per cent in bars, rods and strips. Its share in 1962-63 was negligible. India is followed by West Germany in 1967-68 with a share of 32 per cent. West Germany's share during the period 1962-63 - 1966-67 declined from 31 per cent to 20 per cent. In 1962-63 Belgium was the chief supplier with a share of 35 per cent; but in 1967-68 its share declined to 1.93 per cent.

Iron & Steel Beams

Imports of iron and steel beams increased from 836 million rials in 1962-63 to 2,216 million rials in 1967-68. West Germany was the largest supplier. During 1962-63 to 1967-68 West Germany supplies increased from 409 million rials to 1,361 million rials. Belgium's share declined from 34 per cent in 1962-63 to 3 per cent in 1967-68. India emerged as the second large supplier in 1967-68. In terms of value, imports from India were

191 million rials out of a total of 2,216 million rials in 1967-68, while in 1966-67 they were negligible. Main competitors to India apart from West Germany are Czechoslovakia, Hungary, Austria, Yugoslavia and the U.S.S.R. It will be noted from Table 12 that a number of countries are trying to push-up their exports.

Angles

Imports of angles (iron, steel) into Iran increased from 252 million rials in 1962-63 to 405 million rials in 1967-68. Main suppliers during 1962-63 were West Germany and Belgium. Imports from these two countries accounted for 72.21 per cent of the total in 1962-63. In 1967-68, although West Germany continued to be the largest supplier, the communist countries increased their share along with India. India entered the market in 1966-67 and its share was only 4 million rials. However, in 1967-68 India's share increased to 20 million rials (4.93 per cent of total imports). Main competitors to India apart from West Germany are Hungary, Czechoslovakia, the USSR, Austria, Italy, Rumania and Luxemburg.

Bars

Imports of round and semi-round bars of iron and steel increased from 68 million rials to 211 million rials. Round and semi-round bars were obtained from a number of countries in the past although major imports in 1962-63 came from the USSR, West Germany and Belgium. During 1967-68, the main supplier was India followed by West Germany.

India entered the Iranian market during 1966-67 and was the largest supplier. Imports from India rose from 73 million rials in 1966-67 to 113 million rials in 1967-68. The share of India in the imports of round and semi-round bars increased from 37 per cent in 1966-67 to 53 per cent in 1967-68. The share of West Germany rose while shares of the U.S.S.R. and Belgium declined during the period 1962-63 - 1967-68. It appears India has captured the market for round and semi-round bars in Iran. However, countries like West Germany, Italy and USSR are keen in regaining the lost ground and would offer tough competition.

Imports of triangular, square and hexagonal bars of iron and steel declined from 107 million rials to 98.915 million rials. Main suppliers during

1962-63 were West Germany, Belgium, USSR and Austria. Main suppliers during 1967-68 were the USSR, West Germany, Hungary and Czechoslovakia, India entered the market during 1966-67 when its supplies were valued at less than 2 million rials. Imports from India declined in 1967-68. Main competitors in 1967-68 were the communist countries.

Tees and Sections

Imports of tees and sections of iron steel during 1967-68 were valued at 114 million rials compared with 106 million rials in 1966-67. Imports of tees increased from 39 million rials in 1966-67 to 85 million rials in 1967-68 whereas imports of sections declined from 67 million rials to 29 million rials. Main suppliers of tees during 1967-68 were Italy, West Germany and the USSR their respective shares being 40 per cent, 28 per cent, and 15 per cent. India did not figure in this item. In the case of sections, major sources were France, West Germany and Italy. India did not supply sections during 1967-68, although in 1966-67 it accounted for 772,000 rials.

Channels

Imports of channels increased from 148 million rials to 157 million rials. Main suppliers of channels in the latter year were West Germany (37.53 per cent), Hungary (21.27 per cent), the USSR (15.58 per cent) and Austria (9.17 per cent). India did not supply channels.

Wire

Import of wire not exceeding 0.5 mm in diameter increased from 3 million rials in 1962-63 to 8 million rials in 1967-68. During the latter year, supplies were obtained from Belgium, West Germany and Italy which together accounted for 85 per cent of total. Import of wire with diameter between 0.5 mm and 10.0mm increased from 191 million rials to 511 million rials(Table 14).

Many countries supplied wire to Iran. Main suppliers during 1967-68 were West Germany, India and Belgium. Imports from West Germany increased from 80 million rials in 1962-63 to 169 million rials in 1967-68, although her share declined from 42 per cent to 33 per cent. India entered the market during 1966-67 with a share of 7.5 million rials. Next year India emerged as second main supplier, her share increasing to 112 million rials which was 22 per cent of total imports. Imports from Belgium increased from 37 million rials to 65 million rials though its share declined from 19 per cent to 13 per cent.

Sheets

Imports of semi-finished sheets of iron steel increased from 314 million rials in 1962-63 to 1816 million rials in 1967-68 (Table 15). In 1967-68 semi-finished sheets mainly used in the piping mills were imported from the Netherlands, Japan, France, West Germany and the U.K., these five countries accounting for 90 per cent of total imports. India entered the market during 1966-67. It increased its supplies from less than 3 million rials to nearly 10 million rials in 1967-68. India's share in semi-finished sheets during 1967-68 was barely half a per cent. Apart from established suppliers, India has to compete with the communist countries in this market.

Imports of finished sheets of iron steel increased from 295 million rials to 1,187 million rials. Major suppliers during the latter year were the U.K., West Germany and Japan. Imports from these three countries were 844 million rials or 71 per cent out of total imports. India entered the market during 1966-67 with a share of 6 million rials which increased to 21 million rials next year. Importers informed that main competitors to India were Czechoslovakia, Hungary and Austria whose products were similar to those of Indian goods. The finish of the U.K., West Germany and Japan was superior to Indian products. Belgium, Netherlands and Luxemburg have been selling in the market since long and have good established trade relations.

Pipes and Tubes

Imports of iron steel pipes, tubes straight of uniform thickness, not otherwise manufactured, increased from 969 million rials to 3,418 million rials. In 1967-68 main suppliers were West Germany, Japan, France, Italy, the U.K., the U.S.A. and Netherlands (Table 17). India supplied iron steel pipes, tubes for the first time in 1966-67. Imports from India declined from 16 million rials in 1966-67 to 11 million rials during next year whereas total imports from all sources increased from 1,123 million rials to 3,418 million rials. Decline in India's share, as revealed by the discussions with the importers, was due to:

a) poor quality compared with products from other suppliers: Indian tubes crack often,

b) Indian exporters do not supply according to length specifications,

c) thickness is not uniform,

d) the ends are not properly protected,

f) supplies are not made in time and often rusted tubes are supplied, and

g) prices are higher compared with the quality of the product.

Since Iran imports a huge quantity, it is suggested that the market should be studied by experts in this line and measures to increase India's share be adopted as soon as possible.

Contrary to the pipes & tubes straight of uniform thickness, pipes and tubes of iron steel without jointing from India are very popular. India entered the market in 1966-67 and occupied third rank amongst the suppliers and in 1967-68, it became the biggest supplier (Table 18). Imports from India increased from 17 million rials in 1966-67 to 23 million rials whereas imports from all sources declined from 109 million rials to 39 million rials. Main competitors are Italy, U.S.A., France and the U.K. It is learnt that Indian products are cheaper compared to those from West European countries.

Imports of iron steel piping, (varnished, enamelled, smooth finished, with a zinc, lead or aluminium coating) in Iran increased from 163 million rials to 430 million rials. India which started exports of piping during 1966-67 emerged as the biggest supplier in 1967-68. Imports from India increased from 70 million rials to 158 million rials in 1967-68. Its share in total increased from 18 per cent to 37 per cent. Other main suppliers in 1967-68 were Italy and West Germany with shares of 30 per cent and 13 per cent respectively. India, Italy and West Germany together accounted for 80.53 per cent of total imports of piping into Iran.

India's Share in Iron & Steel

Imports of various items of iron and steel from India during 1967-68 were 853 million rials out of total imports of 14,752 million rials (see Table 20). India's overall share was 6 per cent. In some of the items its share was as high as 53 per cent. Out of 42 items listed in the table, India exported only 23 items. India's share in these 23 items was 6.58 per cent or 853 million rials out of total of 12,966 million rials. This amounted to 1.90 per cent to the total imports of all items into Iran during 1967-68. The share of iron and steel in imports of all items from India was nearly 50 per cent.

Iron and steel items were imported into Iran by a number of importers. Commission agents play a vital role since imports are affected through them. The fees charged by these agents vary from one to four per cent of FOB prices. The established exporters of West Germany, Italy, Belgium and the U.K. have appointed sole agents in Iran and imports from these countries are always routed through them.

Communist countries and India mainly depend on the commission agents and often different prices are quoted to different commission agents for the same product. It was mentioned by importers and commission agents contacted during the field visit that the practice is very harmful since the commission agents and importers shop around for cheap prices and do not care to establish firm commercial relations with Indian exporters. It was learnt that most of exporters from India do not quote a firm f.o.b. price but instead ask commission agents and importers at what price they would like to import. This practice generally causes delay and so often commission agents are reluctant to quote the price at which they will be willing to buy. In the market there are numerous exporters from many countries and commission agents watch carefully prices offered by many exporters. It was suggested by leading firms dealing in iron and steel items that Indian exporters, through Indian Steel Exporters Association, should appoint a sole-agent in Iran for their products rather than go hunting for a number of commission agents.

Imported goods are sold to the end-users or retailers through brokers. These brokers are the contact link between importers and the end-users or retailers. The brokerage varies from 1.5 to 1.75 per cent of the sale value. The brokerage is charged from the seller as well as from the buyer. Credit is normally extended by importers to end-users or retailers for a period ranging from 4 to 9 months (Promissory Notes). Interest is charged for credit period which normally ranges from 9 to 15 per cent depending on the goodwill of customers.

Procedure for Iron & Steel Imports

Importers are not allowed to import iron and steel products on "Documents against acceptance" basis. Imports are allowed only on "Letter of Credit" basis.

According to prevailing regulations of the Central Bank of Iran, importers of steel items from India and European countries are required to deposit an amount equivalent to 104 per cent of the value of the order placed by them. As soon as goods arrive the importer is to obtain the documents by paying another 100 per cent plus custom duties. After getting goods, custom papers and payment documents are presented to the Central Bank of Iran which releases 100 per cent of the deposit (out of 104 per cent deposited earlier and the balance of 4 per cent is retained by the Bank). Thus the importer of steel items must have ready cash to the extent of about double the amount of each import order. The result of this procedure is that importers prefer to get their supplies from those countries which can make the deliveries fast. In this regard India is quite suitable. Deliveries from India can be obtained within 30 days whereas from other countries it takes more than 45 days. Thus India is in an advantageous position to increase its share in the imports of iron and steel items. In the case of "barter countries" the deposit with the Central Bank of Iran is only 15 per cent of the value of order placed. In case of pipe fittings the deposit with the

Central Bank of Iran is 40 per cent of the value of order placed. Thus the deposit varies from 15 to 40 per cent.

Import of iron or steel bars, rods, beams and circular sections is subject to the prior approval of the Ministry of Economy. During December 1968, import of iron bars, rounds, angles of 10 to 30 mm thickness were forbidden. The existing custom duties and Commercial Benefit Tax (CBT)[1] in Iran for different items of iron steel are given in Table 21.

In certain items the Commercial Benefit Tax is exempted. These items are: (a) Iron or steel sheets or plates coated with lead (white iron) (b) Iron or steel sheets or plates enamelled, varnished, lacqured printed, etc., used for manufacture of transformers with discretion and the prior approval of the Ministry of Economy, and (c) iron or steel hoops imported as raw materials for profile and pipe making factories.

The C & F prices[2] of Indian goods are quite competitive in the Iranian market. It is only the quality of some of the items like sheets and piping that has to be improved to push sales. There were some complaints against Indian exporters. These complaints by the importers contacted during field visit related mainly to two factors. Firstly, shipments from India are not dependable and secondly, often Indian exporters request for the extension of "Letter of Credit". On these two accounts even though Indian goods are cheaper and are at par in quality, Iranian importers grumble since their margin of profit is reduced due to longer periods involved. It is suggested that Indian exporters should not delay consignments, especially when the communist countries are offering goods at lower prices to capture the market and moreover, the importer has to deposit lesser amount for opening "Letter of Credit" as most of them have barter agreements with Iran. At one stage it was also suggested that India should have barter arrangements with Iran on the same lines as with Afghanistan.

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[1] General Import - Export Regulations for the Iranian Year 1347 (March 21, 1968 to March 20, 1969), Ministry of Economy, Iran.

[2] Prices given in Table 22 relate to the period Dec. 1968, when Council team visited Iran.

Conclusion

In spite of the anticipated developments in iron and steel industry, Iran would still continue to import iron and steel products of the order of more than one million tonnes. If India's present share of 7 per cent in imports of iron and steel products were to be maintained exports to Iran would be of the order of 42,000 tonnes in 1974. However, it is suggested that India should aim for atleast 10 per cent share. Projected imports from India on this basis would be about 60,000 tonnes. However, Iran would be importing more and more of intermediate iron and steel products like billets, skelp, plates, etc., rather than finished products like structurals, beams, rods or angles. Exporters of iron and steel products to Iran should be prepared to supply to this market not finished products as in the past but intermediate products mentioned above. Indian iron and steel products are well received and prompt deliveries would increase their sales.

Tea

Tea is the most popular soft drink in Iran. The per capita tea consumption per annum is estimated at about one kilogram. The Iranians have developed taste for high grade tea known as 'flowery tea' or 'tippy tea'. The flowery tea from India had been very popular since the tips of Indian tea last longer than tea imported from other countries notably Ceylon, whose tea tips get stale within six months. Until 1947, India had the entire tea market in Iran. Tea was exported mainly through land route. Internal transportation cost by rail in Iran is relatively more expensive than the cost of transportation by road. Indian tea was imported through Zahedan and from Zahedan it was brought to Tehran in trucks. Thus, price-wise as well as qualitywise, India had no competitor. The land link with Iran was lost due to the creation of Pakistan. At present Indian tea reaches Iran through sea route only.

Ceylon Gains Ground

Taking advantage of rising prices of Indian tea since 1948, Ceylon gradually gained ground in Iranian market to such an extent that presently it has become biggest supplier. Moreover, as Iranians have also gradually developed a taste for Ceylonese tea, it has become popular. As prices of Indian tea are relatively high, Iranians hesitate to buy expensive Indian tea.

The climatic conditions are suitable in the Caspian Sea Coast region for tea cultivation. Iran started developing tea plantations in this area since 1950. The Government of Iran since then adopted a number of measures to decrease import of tea from other countries.

The heavy protection accorded to local tea has resulted in large scale smuggling of tea from neighbouring countries especially from Iraq, since custom duty in Iraq till 1964 was only about one-fourth of that imposed in Iran. With the nationalisation of tea trade in Iraq during 1964, the volume of tea smuggling from Iraq declined considerably. But traders found new channels via Dubai, Muscat, Bahrein and Kuwait. No data is available on the extent of tea smuggling though the trade estimates it to be between 3,000 tonnes to 6,000 tonnes every year.

Demand Projections

To estimate market demand for tea in Iran, figures of smuggled tea must be added. Production, imports and exports for the period 1962-63 to 1967-68 are given below for estimating levels of apparent consumption of tea.

Production, Imports and Exports of Tea 1962-63 to 1967-68

('000 tonnes)

Year	Local production 1/	Imports 2/	Smuggled 3/	Exports 2/	Apparent consumption
1962-63	10.9	5.9	5 to 6	Neg.	21.8 to 22.8
1963-64	11.9	5.9	5 to 6	Neg.	22.8 to 23.8
1964-65	12.5	5.7	5 to 6	Neg.	23.2 to 24.2
1965-66	13.3	9.7	3 to 4	Neg.	26.0 to 27.0
1966-67	15.9	6.5	3 to 4	Neg.	25.4 to 26.4
1967-68	17.7 (Estimated)	5.5	3 to 4	Neg.	25.7 to 25.8

Sources: 1/ Ministry of Agriculture, Government of Iran.

2/ Foreign Trade Statistics of Iran, Ministry of Economy.

3/ Figures averaged out as revealed by the traders during the field visit.

Consumption of tea in 1967-68 was of the order of nearly 26,000 tonnes or per capita consumption of about one kg. per annum. By assuming that the per capita consumption would remain more or less constant, it is anticipated that total consumption of tea would keep pace with population change. By 1974, the Iranian population is estimated to reach a level of 30.7 million and consumption of tea keeping pace with the population rise is accordingly anticipated to reach a level of nearly 31,000 tonnes. It is evident from the previous table that domestic production accounted for nearly

65 per cent of consumption. By assuming that domestic production expands to such an extent that about 70 per cent of total demand would be met, it is estimated that import demand would be of the order of 8,000 to 9,000 tonnes by 1974.

Local Tea Production

The Ministry of Agriculture revealed that an area of about 22,000 hectares was under tea cultivation in Iran during 1968-69 with about 6,500 bushes per hectare on an average. Most of the bushes (more than 90 per cent) China Hyderia type and the remaining ones are of the Assam type. The first type is of inferior quality whereas the second type is of high grade tea. According to the Ministry's estimate, the average yield per hectare is about 0.7 tonnes during 1968-69 which is considered to be low. Steps are being taken to increase yields. As the tea plantation areas in Iran are in the north around the Caspian Sea, tea processing and blending is also undertaken in the north. Tea processing centres are Rasht, Lahijan, Langrou, Rudrasar and Shahsavar. Processing is 'Orthodox'[1] and no shift from Orthodox method to new method is anticipated as producers feel that new methods would change the 'looks' of tea which is the main criteria for selling to consumers in Iran (who buy after having a look at loose tea and this is one of the main factors that loose tea is more popular in Iran than the packaged tea). Tea organisation officials feel that modern methods will certainly increase quality of tea and in due course these methods will be adopted. There are three main grades of black tea produced which are (i) Leaf grade, (ii) Broken grade and fannings, and (iii) Dust. The break up under these three grades was estimated at 15 per cent, 80 per cent and 5 per cent respectively of total output of black tea in Iran during 1968-69.

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[1] Classification is related to the type of machinery and process adopted.

Of a total of 124 tea processing plants during 1968-69, 80 plants are controlled by the Tea Organisation (Government sector) and the remaining 44 plants are in the private sector. The Government sector produces about 85 per cent of output and a major portion of the remaining 15 per cent output is produced by Chai-Tehan, Chai-Golestan, Chai-Oghab, and Chai-Shiraz in the private sector.

Imports

For according protection to domestic tea industry and to popularise Iranian tea, restrictions are imposed on imports. Imports between 1962-63 and 1967-68 varied from 5,500 to 9,700 tonnes, the highest level being in 1965-66. During 1965-66, local production was less than expected target and moreover, arrival of smuggled tea was less. As a consequence, prices of tea went up and to arrest the price increase, a larger volume of imports was allowed. Barring this year, imports of tea varied between 5,500 to 6,000 tonnes per year.

Sources

Tea is imported into Iran mainly from Ceylon and India. Import of black tea by sources of supply is given below.

Sources of Tea Imports - 1962-63 and 1967-68

Country	1962-63				1967-68			
	Value		Volume		Value		Volume	
	Million rials	Percentage share	Tonnes	Percentage shares	Million rials	Percentage shares	Tonnes	Percentages shares
Ceylon	201.711	26.98	1773.5	30.30	331.464	49.41	3332.8	60.94
India	530.576	70.97	3942.7	67.37	307.218	45.80	1903.4	34.81
C. China	-	-	-	-	9.540	1.42	61.5	1.12
W. Germany	0.147	0.02	1.0	0.02	6.531	0.97	58.5	1.07
U.K.	-	-	-	-	6.323	0.94	30.0	0.55
N. A. China	-	-	-	-	3.949	0.59	24.5	0.45
Kuwait	1.144	0.15	13.5	0.23	2.570	0.38	36.3	0.66
Other countries	14.022	1.88	121.8	2.08	3.274	0.49	21.6	0.40
Total	747.600	100.00	5852.5	100.00	670.833	100.00	5468.6	100.00

The ground lost by India in the market was mainly gained by Ceylon. Of course other countries such as Peoples Republic of China, West Germany, the U.K. and Nationalist China and Kuwait also increased their shares. Another feature is that India is supplying high grade tea while Ceylon supplies mainly medium grade. This conclusion is drawn more as an inference by comparing the value and quantity of imports of tea into Iran from Ceylon and India during the year 1967-68. In terms of value the difference between imports from both these countries is of the order of 8 per cent only while in terms of quantity the difference is of the order of 75 per cent. These differences lead to the conclusion that per unit value of Indian supplies is higher than the per unit value of Ceylonese. If it is accepted that per unit value differences reflect differences in quality, then it can be inferred that India is exporting high quality tea.

Iran produces low grade tea. It imports medium and high grade tea for blending purposes. As tea is an important item in the consumption schedule of Iranians as a soft drink, the market may not absorb high priced blends. Hence Iranian authorities prefer medium grade tea at lower prices for blending for keeping retail prices at a low level. But it might appear surprising that India was not offering medium grade tea. It is learnt that Indian tea prices variety to variety are higher than those of Ceylon. Hence Iran imports medium grade cheaper tea from Ceylon for blending rather than the medium grade Indian tea at slightly higher prices. It might be observed here that the Iranian tea market is a highly structured one. With disparities in incomes in Iran, the particularly high income sophisticated sections do consume high quality tea which is catered mostly by super markets. It is said that Ceylon tea is not offered in retail in pure form whereas Indian tea is offered **as such** in most the posh shops and super markets. It is learnt that most of the so called pure Indian tea is imported from the U.K. and it is sold as "packaged Indian tea".

Tea Market

The mixing of imported tea with the local tea is obligatory on the part of all importers. The procedure for mixing tea is as under:

i) According to the notification issued by the Tea Organisation, every importer is required to buy 1.5 kg. of local tea from the

Tea Organisation (not from the market) for every kilogram tea imported.

ii) The imported tea is to be mixed with the local tea in the proportion stated above in the presence of an official from the Tea Organisation.

iii) The mixed tea is to display a marking that imported tea is mixed with the local tea.

iv) A premium is charged on the local tea sold to importers for mixing purposes. It was revealed by the traders that the price of local tea in the market is about 8 sh. a kg. whereas the Tea Organisation charges 20 sh. a kg. Thus, the mixing of local tea purchased through Tea Organisation renders the mixed tea more expensive than even the best variety of local tea.

v) In case the importer wants to sell imported tea in the market without mixing with the local tea, the importer has to buy 50 per cent more than stipulated for mixing and will have to sell the local tea at market prices.[1] It, thus, becomes prohibitive for the importer and normally the imported tea is mixed with local tea. This has also resulted in the sale of loose rather than packaged tea, since for packaged imported tea the importer will have to buy the local tea at a premium from the Tea Organisation in the proportion mentioned above and will have to sell at the market price. The higher prices of imported tea wipe out the margin of profit when they are forced to purchase local tea at a premium and sell at market price.

The Iranian Tea Organisation has a strong hold in the market, and it may grow into a complete State monopoly excluding all private traders, importers and even manufacturers of tea. The traders feel that complete nationalisation of tea production and distribution will come eventually.

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[1] An importer has to purchase 2.25 kilograms of tea from the Tea Organisation at 20 sh. a kg. and sell it at 8 sh. a kg. undergoing a loss of 30 sh. for every kg. of imported tea sold in market without mixing it.

Tea Organization Policy

The policy of Tea Organisation serves the following purposes:

i) it ensures the disposal of local tea,

ii) it discourages imports of foreign tea,

iii) it protects the local tea industry even when it is not producing high grade tea,

iv) it helps to change the consumer tastes since they are directly forced to consume local tea only in the absence of alternatives,

v) it saves the foreign exchange to the extent the local produce is able to replace imports.

Tea Sales in Loose

Tea in Iran is drunk in glass tumbler without adding milk. Sugar is added according to taste. The colour of decoction as visible in the glass tumbler plays an important part in the selection of tea leaves. Another peculiar feature is that consumers would like to see tea before it is purchased. Hence tea is sold in loose form without any packaging. Consumers over a period of time have developed certain tastes which they get from Ceylonese tea. Iran Government is trying hard to change tastes of consumers. The consumer is also price conscious and prefers cheaper to expensive tea. Even in the case of imported tea, the cheaper ones are preferred at the cost of quality. Smuggled tea is cheaper compared to imported tea and it is for this reason that 3,000 to 4,000 tonnes are smuggled into Iran every year. Some consumers are shifting from tea to coffee but their percentage is negligible.

The most important factor in tea trade is the price. Quality and colour occupy secondary position. Import duty levied in Iran is by weight and it is in the interest of importers to import higher grades of tea from the cheapest source possible.

Tea Prices

Import prices of Indian and Ceylonese tea are given below. Prices of tea vary from blend to blend. The Indian prices have been, in general, higher by 25 per cent to 30 per cent compared to Ceylonese tea for comparable blends.

Import Prices Indian & Ceylonese Tea

Variety	C & F price (Khorramshahr) in Rials per kg.(1968 Dec.)		Retail prices (local tea) Rials/kg.
	India	Ceylonese	
1. Leaf grades	140-170	130-160	120-130
2. Broken "	125-160	95-120	90-120
3. Fannings	110-140	90-110	80-100
4. Dust	100-110	80-95	70-90

In the leaf grade, Indian prices are not very much higher than the prices offered by other countries. However, Indian prices are much higher in the case of broken grades and fannings. Moreover, the leaf grade is not in great demand in Iran. The leaf blend is used by a very small percentage of consumers who have "Costly" tastes. According to rough indications available from traders the percentage consumption of tea by grade was as follows:

Leaf grades	10 to 15 per cent
Broken grades	about 30 per cent
Fanning	about 50 per cent
Dust	5 to 10 per cent

This breakdown indicates that broken grades and fannings constitute bulk of consumption(that is about 80 per cent of total tea consumed in Iran).

These are the grades in which India faces tough competition from Ceylon.

Measures for Increasing Indian Tea

Another feature of tea market is that whereas importers are led away by the source from which it is procured, consumers in general are oblivious of this distinction. Although, consumers have developed definite taste for Ceylonese tea mixed with local tea, yet local tea mixed with either Ceylonese tea or tea from any other country, is sold at the same retail price in the market. Steps suggested by tea importers for promotion of sales of Indian tea include reduction in C & F price of Indian tea, opening of a Tea Centre in Iran and promotion and advertisement of Indian tea through Tea Vans which distribute prepared tea at a nominal cost to consumers as is done in India by the Tea Board. Since packaged tea is not much in demand, tea is to be sold loose.

Normally importers of tea directly deal with exporters. It may be mentioned again that Indian importers invariably import tea from India. In most cases, these importers have their own branch or head office in India. Thus exporters and importers represent the same organisation.[1/] Other importers, likewise, have established their offices in other countries especially Ceylon. Importers sell tea to consumers through retailers. Tea is imported in bulk packed in plywood chests which are lined inside with aluminium foil and paper. There were no complaints about packing, or delay in shipment.

Customs duties on import of tea are given below:

Customs Duties on Import of Tea

Tariff No. of Item	Customs Duty	C.B.T.
1. 64-A White tea	51 Rials per kg.	49 Rials per kg.
2. 64-B Green tea	31 " " "	33 " " "
3. 64-C-1 Black tea	31 " " "	(20 " " " (plus 3 city tax
4. 64-C-2 Other kinds of tea	31 " " "	(-do-

(Source:- General Import-Export Regulations for the Iranian Year 1347.)

[1/] Impression is gathered that is advantageous for importers as well as exporters since money is not transferred and such organisations earn additional profit due to differences in value of dollar between official and market rates. Moreover, Indian importers are also exporters of dried fruit and cumin seeds to India, and thus accounts are balanced while retaining the difference in the official market rate. It is told that this phenomena is responsible for import of expensive Indian tea in Iran, otherwise perhaps there would have been no imports.

To sum up, import market for tea in Iran would reach a level of 8,000 to 9,000 tonnes per annum by 1974. If smuggling activity were to continue at the same level as at present, legal imports may be around 5,000 to 6,000 tonnes. In 1962-63, imports from India accounted for nearly 70 per cent of Iranian tea imports. Presently imports from India account for 35 per cent of total imports of tea. India should aim to capture at least 50 per cent of import trade in tea, i.e., 2,500 to 3,000 tonnes by 1974.

Jute Manufactures

Jute manufactures include jute yarn (raw, scoured, bleached, dyed, doubled or undoubled, etc.), jute fabrics (unpatterned, rough woven or others), jute bags and sacking (ordinary or lined with paper or polyethylene) and carpet-backing cloth. Jute products are used mainly for packaging of local agricultural and industrial goods[1/]

[1/] Local products requiring jute product packaging are carpets, cumin seeds, raw cotton, dry fruits (all these commodities are exported from Iran), sugar, rice, wheat, barley, cotton-seed, dates, oil seeds, sugar beet, cement, fertilizers, etc. etc.

either for internal trade or for export. Hence, demand for jute manufactures is related to production in agriculture and industry on the one hand and bulk exports which require packing at ports (such as wheat) on the other.

Local Production

Demand for jute manufactures is met both through indigenous production and imports. There are at present three jute mills. Of these three, two are in the public sector and one in the private sector. These are located in jute producing area of Mazendaran. Total installed capacity of these three mills is 7,500 tonnes annually. These mills presently have substantial underutilised capacity of nearly 30 per cent. Full capacity utilisation is hampered by non-availability of raw jute due to low production. Indigenous jute is expensive and consequently jute products made by local mills are expensive than imported jute goods. Moreover due to underutilisation, the cost of manufacture is quite high. Discussions with the officials of the Agriculture Ministry reveal that there are no schemes for the time being to raise jute production. Considering plans for local production - both agriculture and industry - it is tentatively estimated by the officials of

Ministry of Economy that demand for jute manufactures in Iran during 1974-75 would be around 25,000 tonnes. Demand will be mainly for jute bags (about 60 per cent of the total demand for jute manufactures). It is further estimated that local production of jute manufactures will not exceed 5,000 tonnes by 1974-75. (Production is about 3,000 tonnes during 1967-68). Iran will continue to import about 20,000 tonnes of jute manufactures.

It may be noted from table 23 that out of total imports of jute manufactures worth about 450 million rials in 1967-68, fabrics accounted for about 265 million rials, bags about 164 million rials and yarn about 21 million rials.

Principal Suppliers

Main countries which supply jute manufactures to Iran are India, Pakistan and the USSR (Table 24). Out of total imports of jute manufactures worth about 450 million rials, shares of India, Pakistan and the USSR were 53 per cent, 39 per cent, and 7 per cent respectively.

During 1967-68 Pakistan's share in jute yarn was about 72 per cent whereas India's share was about 26 per cent. Pakistan always occupied first position. India increased its share from 15 per cent in 1962-63 to 26 per cent in 1967-68 whereas share of Pakistan declined from 80.42 per cent to 71.53 per cent. Jute yarn imports into Iran rose from 3.4 million rials in 1962-63 to 21 million rials in 1967-68.

Jute Fabrics

India occupied always first position in supply of jute fabrics to Iran. Competitors during 1967-68 were Pakistan and the USSR. The USSR entered the market after 1962-63 and its share during 1967-68 was more than 7 per cent. India's share in jute fabrics declined from 77.30 per cent in 1962-63 to 67.91 per cent in 1967-68. Pakistan increased its share from 19.24 per cent to 24.17 per cent.

Jute Bags

In 1962-63, India was the main supplier of jute bags. But in 1967-68 Pakistan emerged as the main supplier. India's share declined from level of 73 per cent in 1962-63 to 33 per cent in 1967-68.

Pakistan's share increased from about 24 per cent to about 59 per cent. The USSR, a late comer could capture about 7 per cent of the market in 1967-68 its share being about 12 million rials.

Thus main competitors in jute manufactures are India, Pakistan and the USSR. Past data indicate that India is losing her grip over the market by giving way to Pakistan and the USSR.[1] Main factor in favour of Pakistan apart from price and quality, is a trade agreement with Iran signed in 1962 whereby Pakistan is to import cumin seeds from Iran by land route in exchange among other items for jute goods. Imports of jute goods from Pakistan according to the agreement should form at least 85 per cent of the value of Iran's exports of cumin seeds to it. Also Pakistan gives incentives to jute goods exporters under the Bonus Voucher Scheme and hence its goods are cheaper compared with those of India.

1/ USSR does not produce raw jute, even though it has manufacturing capacity. Soviet Union imports raw jute as well as finished jute products. As no details about its domestic production are available, it is not possible to say whether Soviet Union is indulging in switch trade.

Jute Sackings

Import of jute sackings into Iran is unauthorised. As imports are handled exclusively by the Government agency it favours Pakistan, a member of R.C.D. for fulfilling perhaps trade obligations. Moreover, India has to import large quantities of raw jute from abroad. Because of unsteady supply raw jute prices rose in India since 1962-63. This price increase has adversely affected costs of production in India.

A major portion of jute manufactures is imported by the end-users directly on their own account. The end-users who are exporters of other goods take advantage of the drawback of import duty allowed to them on such imports. They may entrust the job of procurement to commission agents. Mostly the trade in jute manufactures in Iran is handled by Indian and Pakistani residents. In general Indians deal in Indian goods and Pakistanis in imports from Pakistan. There are not many Iranians in this trade. Some deal with both India and Pakistan.

Government Purchases

Government purchases of jute manufactures are handled by the Iran Foreign Trading Company. Mainly, goods are imported through open tenders in which any overseas exporter can participate. Iran Foreign Trading Company also procures jute manufactures which are locally produced. This Company supplies jute manufactures to the Ministries of Agriculture and Tobacco Monopoly.

A small portion of import trade in jute manufactures is handled by importers. These importers have entered into agreements with bulk consumers such as sugar mills, tea processing units, etc. They also sell to retailers. Thus, wholesalers do not exist in this trade. The trade margin in the case of importer varies from 8 to 10 per cent on C & F prices (Khorramshahr) whereas it is between 12 to 18 per cent in the case of the retailer.

Import Levies

Jute manufactures imports into Iran are covered by custom tariff Nos. 547, 553 and 594(General Import Export Regulation for the Iranian Year 1347, i.e. March 21, 1968 - March 20, 1969, as published by the Ministry of Economy). There is no restriction on imports except that sacks of jute fabrics are unauthorized (hence need an import licence), to give protection to the indigenous industry. Customs duties and the Commercial Benefit Tax (CBT) applicable to jute manufactures are given below:

Customs Duties and CBT on Jute Manufactures

Item	Import Duty	C.B.T.
1. Jute yarn, raw, bleached, dyed, single twisted, etc.	4 rials per kg.	10 rials per kg.
2. Jute yarn for retail sale	70 rials per kg. with wrapper	-
3. Jute fabrics, raw, not figured	3 rials per kg.	6 rials per kg.
4. Jute fabrics, others	10 rials per kg.	6 rials per kg.
5. Sacks of jute fabrics	3 rials per kg.	3 rials per kg.
6. Gunny bags of jute fabrics	3 rials per kg.	4 rials per kg.

Import of jute manufactures is mainly through the opening of the 'Letter of Credit'. Central Bank of Iran allows jute goods to be imported on "Documents against Acceptance" or "Documents against Payment" (D/A or D/P basis) terms. Jute manufactures are imported on FOB basis as well as C & F or C.I.F. basis depending on the prior agreement between the end-user and the supplier.

The C & F (Khorramshahr) and retail prices for jute manufactures during December 1968 were as below:

C & F Prices and Retail Prices for Jute Manufactures in December 1968

Item	Unit	C&F Prices in Rials		Retail Prices in Rials
		Indian goods	Pakistan goods	
1. Jute yarn	100 kg.	2050-3000	2000-2060	45 per kg.
2. Jute fabrics Hessian	Bale of 1000 yds	12200-12600	11800-12300	20 per yard
3. Jute fabrics Sackings	-do-	11800-12250	11550-12300	18 per yard
4. Jute bags - B-Twills	100 bags	3300-3600	3100-3500	50 per bag.

Higher Margin for Pakistan

Wide fluctuations in prices of jute manufactures is due to fluctuations in prices of raw jute on the one hand and price movements in the Dacca and Calcutta markets on the other. Indian C & F prices are higher than Pakistani's. Lower prices of Pakistani goods are due to export incentives granted by Pakistan Government as mentioned earlier and secondly, a major portion of supplies from Pakistan is by land route which reduces delivery time and delays at ports. Moreover, it does not involve delays at Khorramshahr since goods can be supplied directly to the end-users by road from Zawidan (border of Iran and Pakistan). Although there is difference in import prices of Pakistan and India, it is not reflected in the retail prices. Both Indian and Pakistani goods are sold in retail at the same price and distinction in origin is not important. It is obvious that retailers get higher margin on sale of Pakistani goods than on Indian goods and thus indirectly popularise Pakistani manufactures.

Price Disparity

During discussions, traders reveal that the high prices constitute main hurdle in way of increasing imports from India. Jute goods, according to them, are imported from India only when they are not available in Pakistan. Traders also state that in future, if the price disparity between the products were to continue, India may lose the entire market. Pakistan is fully aware of the existing advantage and is going ahead with creation of new capacity to make available all varieties of jute goods at lower prices. Another important feature as already stated is that the trade in jute manufactures is in the hands of residents of India and Pakistan though there are a few Iranian importers. It was pointed out that Indian traders have their branches/ main offices in India and normally get supplies on the basis of "Documents against Acceptance". No remittance is made to India since the branch/main office in India imports dry fruits from Iran. Due to difference in the official and market exchange rate for dollar, the businessmen get profit and often they sell goods at par (losing their gain on sale of jute manufactures).

Conclusion

India enjoys a good share of Iranian market; demand for better jute products like lined bags and sacks would increase faster than demand for ordinary unlined jute products. It is suggested that Indian manufacturers should contact directly the end-users like sugar, cement mills and fertiliser producers for securing long term contracts. The main hurdle in the way of pushing jute exports is their high price level. In view of recent concessions given to jute industry by the Government of India it is hoped India's exports to Iran will pick up. Imports of jute products in 1974 are likely to be around 20,000 tonnes. India should try for securing a fifty per cent share so that exports could reach a level of 12,000 tonnes by 1974.

Spices

Iranians with oriental food tastes are large consumers of spices as their food includes a large proportion of meat preparations mixed with spices. Iran produces cumin seed in large quantities and it is an important item of export to other countries.

It is difficult to assess actual consumption of spices in Iran as a large portion of spices enter Iranian market through "legal smuggling" in the guise of "Border Transactions" - permitted under the "Border Transactions Act". According to this Act, Iranians living in the border area (around Persian Gulf) are permitted to bring in goods free of duty to the extent of 10,000 rials (about 55 pounds sterling) per head per year. In the absence of any estimate of demand for spices, imports of spices over a period of time are taken as the best estimate, other conditions remaining the same. In other words, it is considered that spices will continue to be brought into Iran through Persian Gulf areas in the same quantity as at present. As there is a limit on spices to be brought into Iran, the balance of demand is to be met through ordinary imports.

Main spices imported into Iran are pepper, turmeric, limes dried, ginger, cardamom, tamarind, cinnamon, nutmegs, mace and cloves. Imports of spices into Iran in 1962-63, 1966-67 and 1967-68 are given in table below.

Imports of Spices during 1962-63, 1966-67 and 1967-68

Items	1962-63		1966-67		1967-68	
	Quantity (tonnes)	Value (Million rials)	Quantity (tonnes)	Value (Million rials)	Quantity (tonnes)	Value (Millon rials)
1. Pepper	417	22.520	712	39.813	1442	96,123
2. Turmeric	2075	66.080	2467	56.906	1625	45.498
3. Lime dried unground	300	9.949	523	16.533	717	24.856
4. Ginger	131	4.862	214	9.966	304	11.369
5. Cardamom	65	13.324	42	17.864	38	11.150
6. Tamarind	1127	8.233	1017	12.564	980	11.303
7. Cinnamon	202	11.735	212	10.089	109	3.905
8. Nutmege:mace	6	0.560	7	0.577	27	2.591
9. Cloves	17	1.158	34	1.948	21	1.015
10. Other spices	75	1.378	28	2.553	9	0.762
TOTAL	4415	139.799	5256	168.813	4272	208.572

(Source: Foreign Trade Statistics of Iran.)

Imports Increase

Imports of spices rose from 140 million rials in 1962-63 to 209 million rials in 1967-68. In other words, the rate of increase in terms of value for 5 years amounts to 8.3 per cent. It may be mentioned here that increase of population has been estimated at about 2.6 per cent per annum. Thus, it is evident that the magnitude of increase in imports is far in excess of the increase that can be termed as commensurate with the increase in population. The excess of increase in quantity over the rate of growth of population perhaps is the result of higher consumption of spices. On the basis of the past trend it can be estimated that demand by 1974-75 for imported spices would be of the order of 6,500 tonnes valued at about 275 million rials(at present prices). These demand figures do not include spices brought in through Persian Gulf areas.

Main sources of supply (exclusive of import of spices from the Persian Gulf areas) for important spices are given in Table 25.

Exports to Persian Gulf

The bulk entry of spices through Persian Gulf areas has resulted in decline of direct imports from the traditional exporting countries. The traditional exporters send their goods to Persian Gulf countries from which Iran partly gets its supplies. In the market spices are known by the country of origin (and not the country through which they enter Iran) and are accordingly valued. Thus most of the traditional suppliers export their goods to Persian Gulf Countries.

Black Pepper

Black pepper imports were the highest during 1967-68. Out of total imports of spices valued at 209 million rials in 1967-68, pepper accounted for 96 million rials. Black pepper imports from India over the period 1962-63 - 1967-68 steadily declined from 30 per cent to less than one per cent. Main supplies came from Dubai (73.00%), Kuwait (20.16%), and Oman (6.43%). Black pepper from Singapore is more popular and prices are generally lower than those of Indian black pepper. In quality Indian black pepper is superior to Singapore black pepper.

Turmeric

Next to pepper comes turmeric in order of value of imports. There was a decline in value as well as in quantity of turmeric imports since 1962-63.

Imports of turmeric declined from 66 million rials (2075.4 tonnes) in 1962-63 to 45 million rials (1624.5 tonnes) in 1967-68. Major suppliers of unground turmeric in 1967-68 were Oman, Dubai and Kuwait. Individual shares of these countries in unground turmeric in 1967-68 was 35.86 per cent, 27.39 per cent and 23.29 per cent respectively. These countries together supplied more than 86 per cent in contrast to their share of only 1.61 per cent in 1962-63. India was the biggest supplier in 1962-63 with its share in unground turmeric at 78.34 per cent followed by Pakistan with a share of about 19 per cent. In 1967-68, imports from India were negligible.

Unground Lime

Imports of dried unground lime increased from 9 million rials in 1962-63 to 24 million rials in 1967-68. Dried unground lime is exempted from the provisions of Frontier exchange of goods regulations. Main suppliers in 1967-68 were Muscat, Oman and Dubai. Shares of these countries were 80.19 per cent, 11.85 per cent and 5.99 per cent respectively. India for the first time entered the market in 1967-68 with a nominal amount.

Ginger

Unground ginger is another important item of spices imported into Iran. Imports increased from 5 million rials in 1962-63 to 11 million rials in 1967-68. Main suppliers in 1967-68 were Dubai and Qatar their shares being 71 per cent and 9 per cent respectively. India, the main supplier in 1962-63, with a 90 per cent share, accounted for less than 9 per cent in 1967-68.

Cardamoms

Imports of unground cardamoms declined from 13 million rials to 11 million rials. Traders opined that imports in 1966-67 were excessive causing a slump in the market in 1967-68. India remained the largest supplier of cardamom throughout these years although there was a decline in the value of imports as well as its relative share. With a share of 12.6 million rials India enjoyed a virtual monopoly in 1962-63. However its share declined in 1967-68 to 75 per cent. Dubai and Kuwait increased their shares during the recent years.

Tamarind

Increase in import of red tamarind was less than that for ginger and pepper. Imports increased from 8 million rials in 1962-63 to 11 million rials in 1967-68.

As in the case of other spices with the exception of cardamom, the Gulf countries Oman, Dubai, Kuwait and Qatar together were major suppliers in 1967-68, their shares being 37.24 per cent, 19.52 per cent, 8.78 per cent and 6.30 per cent respectively. Another large supplier apart from the Gulf countries was Thailand with a share of 26 per cent. India's share declined from 14 per cent to less than 2 per cent.

Cinnamon

Imports of unground cinnamon into Iran declined heavily from 12 million rials in 1962-63 to 4 million rials in 1967-68. It is the belief of importers that unground cinanamon is being brought through Persian Gulf areas in bulk as the price differential forbids ordinary imports. Also cinnamon is a light weight and a high value commodity. It is also revealed that there have been violent fluctuations in prices and it is risky to import cinnamon. Dubai, Oman and Kuwait together supplied about 92 per cent of imports of cinnamon in 1967-68. Imports from India were negligible.

From above discussion it appears India has practically lost the market. During 1962-63, Indian share in spices was about 56 per cent (78 million rials out of a total of 140 million rials) whereas it was only 5 per cent or 11 million rials out of 209 million rials in 1967-68.

Gulf States Dominate

It is evident from the preceding discussion that Persian Gulf states have emerged as major suppliers of spices to Iran. These countries are lifting larger quantities of spices from all sources as most of the traders in middle east region find it easier to import from these near entrepot trade ports. Also, these ports are convenient points for launching large scale smuggling operations. Hence it is difficult to assess the extent of real decline in India's share in a particular market as no reliable data about the country of origin of imports into Iran is available. If bulk of the spices imported by the Gulf countries originate from India[1], decline in Indian share may not be as drastic as the figures show.

Discussions with traders reveal that import trade in Indian spices is handled exclusively by the Indian traders in Iran, Iranians and other nationals not importing from India. Indian traders have their own offices in India. They are not much interested in the spices trade. According to them, importation of spices from India is not lucrative and they are shifting from traditional commodities to new commodities such as iron and steel. It may be mentioned that there is no exclusive importer of spices. Importers do many other types of business and whenever they find a more lucrative business they shift to it. Another reason advanced is that prices of Indian spices are increasing whereas in Iran they relatively remained stable thus reducing the trade margin. This has resulted in import of lower variety of spices from India which are not acceptable to consumers. Indian exporters who deal through commission agents in Iran do not supply goods according to sample and the shipments are delayed. The commission agents/importers in Iran have to open "letters of credit" for full amount, and the extension of letter of credit causes annoyance. The performance of Indian spices in Iran market can be bettered provided the Indian traders/importers take more interest. Exporters should try to deal with non-Indian importers also. This can only be done if prices offered are competitive and goods are of better quality. Indian exporters can appoint that it will produce about 5,000 units by 1971-72. This plant will produce engines with 30 to 230 H.P. It is learnt that Lord Nestor, Chairman of the English Electric group of Companies had promised Shehanshah that diesel engines locally assembled (about 150 assembled with C.K.D. parts) would be put on market when the Asian fair is held in September 1969.

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[1] This will be locked into during the field visit to these countries.

Future Demand

According to the information gathered while discussing with importers, Tehran Chamber of Commerce, Industrial and Mining Development Bank officials and the Head of the Commercial and Industrial Research Centre of the Chamber of Industries and Mines, demand for internal combustion engines of various horse powers would be around 30,000 units by 1974-75. It is also anticipated that local production by 1975 would be about 15,000 units. On the basis of the above discussion it is estimated that Iran would import about 15,000 units per annum by 1974-75. A large portion of imports will consist of small horse power engines.

Import of internal combustion engines (stationary) and parts thereof into Iran is given below.

Import of Internal Combustion Engines(Stationary) and Parts During 1962-63, 1966-67 and 1967-68

Items	1962-63	1966-67	1967-68
A. Internal Combustion Engines			
1. Number of units imported	N.A.	9,074	11,937
2. Quantity(tonnes)	2,751.1	5,035.6	7,349.4
3. Value (million rials)	318,974	742.963	1,209.718
4. Value (million $)	4.253	9.906	16.130
B. Parts, Internal Combustion Engines			
1. Quantity (tonnes)	1,024.9	2,478.1	3,685.4
2. Value (million rials)	234.256	713.012	1,067.337
3. Value (million $)	3.123	9.507	14.231
C. Internal Combustion Engines and Parts thereof (combined together)			
1. Value(million rials)	553.230	1,455.975	2277.055
2. Value (million $)	7.376	19.413	30.361

(Source: Foreign Trade Statistics of Iran)

Increase in Imports

Imports of internal combustion engines in value increased from 319 million rials in 1962-63 to 1210 million rials in 1967-68 whereas imports of parts increased from 234 million rials to 1068 million rials. The share of internal combustion engines and parts thereof in imports into Iran of all commodities during 1962-63, 1966-67 and 1967-68 was 1.32 per cent, 1.98 per cent and 2.52 per cent respectively. There was not only an increase in imports in terms of value but relative share also increased since 1962-63.

Major Suppliers

Major suppliers of internal combustion engines (stationary) are indicated below:

Sourcewise Imports of Internal Combustion Engines (Stationary)

Country	1962-63		1966-67		1967-68	
	Value (Million Rials)	Percentage share	Value (Million Rials)	Percentage share	Value (Million Rials)	Percentage share
1	2	3	4	5	6	7
U.K.	163.562	51.28	323.974	43.61	587.214	48.54
U.S.A.	32.324	10.13	169.794	22.85	197.984	16.37
W.Germany	77.044	24.15	85.809	11.55	167.445	13.84
Netherlands	14.553	4.56	92.918	12.51	106.007	8.76
France	5.793	1.82	15.163	2.04	35.293	2.92
Japan	-	-	9.453	1.27	26.418	2.18
USSR	6.443	2.02	1.591	0.21	21.023	1.74
Austria	8.211	2.57	12.163	1.64	17.726	1.47
Sweden	3.037	0.95	5.002	0.67	17.067	1.41
Denmark	0.948	0.30	10.992	1.48	9.060	0.75
Poland	-	-	0.852	0.11	8.063	0.67
Czechoslovakia	0.413	0.13	6.391	0.86	6.929	0.57
Italy	1.158	0.36	4.697	0.63	5.572	0.46
Australia	-	-	-	-	1.126	0.09
Oman	2.828	0.89	1.950	0.26	0.830	0.07
India	1.626	0.51	1.164	0.16	0.880	0.07
Other countries	1.034	0.33	1.050	0.15	1.081	0.09
Total	318.974	100.00	742.963	100.00	1209.718	100.00

(Source: Foreign Trade Statistics of Iran.)

The U.K. was the largest supplier of internal combustion engines to Iran. The share of U.K. declined from 51.28 per cent in 1962-63 to 49 per cent in 1967-68. West German's share declined from about 24 per cent to about 14 per cent. The other major suppliers in 1967-68 were Netherlands, France and Japan. It is worth mentioning that all the countries which supplied internal combustion engines to Iran in 1962-63 increased their exports in terms of value in 1967-68 with the exception of Oman and India.

India supplied less than 2 million rials worth of internal combustion engines in 1962-63 whereas its share fell to less than one million rials in 1967-68. India's share declined from 0.5 per cent to barely 0.1 per cent.

Decline in India's Sales

Decline in sale of Indian engines to Iran according to importers was due to the following factors:

(a) The Iranian end-users prefer British made internal combustion engines. Since the U.K. had been the largest supplier throughout these years, the performance of British engines is already known.

(b) Due to long standing in the market, British concerns have established a very good system of distribution and provide efficient after-sales service.

(c) Imports from U.K. are handled by sole-agents for manufacturers in Iran market.

(d) Normally sole-agents keep a ready stock on consignment basis in Iran and cater to the needs of end-users as and when required.

Other countries like the U.S.A., West Germany and Netherlands are also following the same policy whereas the communist countries merely dump their goods in the market at low prices. Prices of the U.K., U.S.A. and West Germany internal combustion engines are higher than those from the other countries, Their products carry guarantee for their performance for a minimum period of one year and so often it is extended upto two years' period in contrast to Indian manufacturers' guarantee period of 6 months. So far no arrangements for after-sales-service have been made by the Indian suppliers and they depend on local mechanical workshops which do not care to attend to repair work quickly. Supplies from India are also invariably delayed and often the product-mix is not according to the order.

As mentioned earlier, the U.K. is collaborating in the setting up of a plant in Iran for manufacture of internal combustion engines. Production from this plant is expected by 1970-71. It is designed to produce large horse power engines, whereas small size engines upto 30 H.P. will continue to be imported from abroad. For import of 500 H.P. engines or above prior approval from the Ministry of Water and Power and the Ministry of Economy is needed.

Customs duty and commercial benefit tax (CBT) on import of internal combustion engines are 5 per cent ad valorem and 1 per cent ad valorem respectively.

Prices

Importers are reluctant to disclose the C&F prices of these engines from different countries. Retail prices, it is learnt, differ from shop to shop as well as from end-user to end-user depending on the mode of payment and number of units purchased. Importers allow normally 3 to 6 months credit to the end-users and their profit margin varies from 10 to 15 per cent. The importer himself undertakes publicity, advertising demonstration and distribution of the machines. Of

U.K.'s Position

The U.K. is the largest supplier of parts of internal combustion engines followed by West Germany, the U.S.A. and France. Shares of these four countries together in total imports of parts of internal combustion engines (stationary) in 1962-63 and 1967-68 were 76.42 per cent and 85.71 per cent respectively. Other suppliers worth mentioning are Belgium, Italy, Egypt, Sweden, Japan, Rumania, Czechoslovakia and India. Egypt and Rumania entered the market in 1967-68.

Value of parts exported from India rose from less than a million rials in 1962-63 to nearly 6 million rials in 1967-68. India's share increased from 0.35 per cent to 0.53 per cent.

Brand Conscious

Market is brand conscious and parts from main suppliers of internal combustion engines such as the U.K., the USA and West Germany are preferred. It is revealed during discussions with importers that genuine parts (parts from established suppliers of internal combustion engines) are expensive in the market. Hence cheaper parts imported from other countries are being extensively used.

Importers neither disclosed the C & F prices nor the retail prices on the pretext that there are numerous parts imported by them. Their main customers are mechanical workshops and sometimes their own workshops. Normal trade margin varies from 12 to 20 per cent. Other import practices and channels of distribution are the same as in the case of internal combustion engines.

Custom duty and commercial benefit tax levied on parts is the same as applicable to internal combustion engines. The custom duty is 5 per cent ad valorem and the CBT is one per cent ad valorem.

India can increase its share in engine parts, if prices are competitive on the one hand and if the trade relations with the importers are more cordial so that they could push up sales. It is the importers who play a vital role in the import of parts since invariably they have influence over the end-users. It will pay if goods are supplied on consignment basis and ready stock is maintained in Iran.

i)	Industrial use	60 per cent
ii)	Home consumption	33 per cent
iii)	Street lighting	6 per cent
iv)	Agricultural consumption	1 per cent

The Fourth Plan of Iran gives priority to distribution (transmission) schemes. These schemes when implemented will carry power to all towns and major villages and newly established industrial estates in Iran. Even though power consumption is increasing and as Government of Iran is anxious to increase consumption of gas, gas appliances either for heating, cooling or street lighting may become more popular in future. Subject to such a shift one can hope that with the availability of electric power in large number of towns, and villages use of electric fans is expected to become increasingly popular. In large cities which had electric power for at least a decade and when per capita income is very high, a new trend is to use coolers rather than electric fans. More than 7,000 units of coolers are imported into Iran every year.

No Local Production

There is no local production of electric fans although plans are under consideration for setting up a plant in Iran with the collaboration of a Japanese firm. So far, no concrete steps have been taken in this regard. At present the entire demand for electric fans is met through imports. During 1967-68, about 180,000 electric fans were imported, whereas figures for 1965-66 and 1966-67 were 84,563 and 131,223 respectively. It is estimated that the demand for electric fans by 1974-75 would be around 300,000 units (if gas coolers do not substitute fans). In absence of local production of electric fans, the entire demand for fans will be met through imports. Assuming that the proposed Irano-Japanese joint venture would materialise domestic production for 1974-75 is estimated at 40,000 fans a year. Taking into account this production import market for fans by 1974-75 is placed at 260,000. According to information revealed by traders, more than 70 per cent of the demand will be for table fans and the rest will be for ceiling fans.

Increase in Imports

Import of electric fans into Iran which stood at 90 million rials in 1962-63 increased to 198 million rials in 1967-68 (Table 27). It will be observed from Table 27 that electric fans not exceeding 15 kilogrammes in weight are preferred to those exceeding 15 kilogrammes in weight. During 1967-68, share of electric fans not exceeding 15 kilogrammes in weight in terms of value

Import of ceiling fans (electric fans exceeding 15 kilogrammes in weight) increased from 16 million rials worth in 1962-63 to 22 million rials in 1967-68. Throughout this period, the major supplier had been Hong Kong although her relative share in total imports declined from about 73 per cent to about 69 per cent.

India emerged as the second largest supplier of ceiling fans in 1967-68 with a share of about 12 per cent. In percentage terms, India's performance was commendable but in terms of value, exports of ceiling fans were less than those of table fans. The main competitor to India is Hong Kong only. Competition from Japan and Communist China is not of much importance at present. As Hong Kong is a major producer of ceiling fans compared to table fans, it can provide tough competition to Indian exporters. Poor performance of India in ceiling fans may be due to frequent change of agents. Exporters have failed by and large (in the opinion of importers) to stick to delivery schedules. Also fans are packed with poor quality materials. Sometimes goods arrive in a damaged condition. Additionally Iranians complain that the finish of Indian fans is very poor compared to those from Japan and Hong Kong. Iran is a rich market and consumers prefer latest design and good finish. It is mainly in this respect Indian goods lag behind. Exporters should select good agents in Iran who can maintain close contact with trends and watch changes in preferences and designs or colour so that goods should be attractive.

Established suppliers Japan and Hong Kong have appointed sole-agents in this market who import fans on their own account from their principals by opening "letters of credit" for full amount. These sole-agents undertake sales promotion activities and supply goods direct to retailers. The retailers are normally granted 3 to 6 months credit. Indian exporters deal through agents who do not have sole-agency. There were frequent changes in the agency appointments due to poor performance. On the other hand agents criticise Indian exporters for high prices and delays in supply. The agents appointed by Indian exporters are not undertaking any sales promotion activities and have no loyalty to the exporter. This is reflected in poor performance of India in the market. Indian businessmen in Iran do not care for this business as import of fans requires opening of letters of credit for full amount and importers cannot take advantage of difference in official and market rates of dollar. Agents normally get 2 to 5 per cent commission.

Prices

Prevailing C & F prices for important brands in Iran and corresponding retail prices (December 1968) are as under:

C & F Prices of Ceiling & Table Fans During December 1968

A. CEILING FANS (56 inches sweep)

Country of Origin	Brand	C & F Price (including commission) Kharramshahr (in rials)	Retail price in rials
Hong Kong	TAT, SMC, DMC Bluecrose & Others	1050-1250	1900-2000
India	Usha, Ganesh Orient and Others	1200-1400	1950-2300

B. TABLE FANS - (15 inches oscillating)

Country of Origin	Brand	C & F Price (including commission) Kharramshahr (In rials)	Retail price in rials
Japan	National, Sharp Hitachi, KDK, Mitshubishi, Sanyo.	1175-1500	2500-3200
Hong Kong	SMC, TAT	950-1150	1800-2100
India	Orient	1300-1500	1900-2000

It will be seen that margin between C & F and retail prices for Indian fans is less than the margin for other countries. This may be a factor why Indian exporters could not appoint sole-agents in Iran as importer's margin is reduced while dealing in Indian fans.

Consumer Preference

The consumer preference is for 56 inches sweep in case of ceiling fans and 16 inches sweep oscillating for table fans. Normally ceiling fans are of white colour but table fans liked by consumers are of different colours such as light green, light blue and sometimes more

Mechanical Deep Well Pumps, Motor Pumps and Parts Thereof

Gneral insufficiency of water in the country is one of the major obstacles to the development of agriculture. Iran is semi-desert with average annual precipitation of 24 Cms. Surveys made during 1957-66 showed that rains and rivers supplied an average of 400 billion cbms. About 150 million cubic metres of water is estimated to disappear underground due to seepage. The tapping of this underground water remained low at an average of only 9 billion cbms. per year.

Deep well pumps and motor pumps are used for lifting water for irrigation as well as for drainage purposes. There is greater emphasis for provision of higher levels of irrigation during the Fourth Plan period and consequently demand for pumps is anticipated to increase. The Fourth Plan contemplates an investment of 25 million dollars in ground irrigation. It might be mentioned that the irrigation facilities i.e. water resources were nationalised in Iran three years ago.

Discussions with the officials of the Ministry of Agriculture and Irrigation and Land Reforms revealed that the demand for deep well pumps and motor pumps (3.5 H.P. and above) in 1974-75 would be of the order of 4,000 and

15,000 units respectively. At present pumps are not manufactured in Iran and the entire demand is met through imports. However, FMC Corporation (U.S.A.) interested in setting up a plant for the manufacture of pumps in Iran is negotiating with Sharkat Sahmi Peerless of Iran, offering collaboration.

Deep Well Pumps

Annual imports of deep well pumps, motor pumps and parts thereof during 1962-63, 1966-67 and 1967-68 are given below:

Imports of Deep Well pumps, motor pumps and Parts during 1962-63, 1966-67 and 1967-68

Item	1962-63	1966-67	1967-68
A. Deep Well Pumps			
i. Number of units imported	N.A.	2,671	2,731
ii. Quantity (tonnes)	2,038.6	5,048.6	3,061.5
iii. Value (Million rials)	235.229	422.484	266.864
B. Motor Pumps with a Suction pipe diameter of more than 3 inches 3.5 H.P. & above			
i. Number of units imported	N.A.	10,133	10,738
ii. Quantity (tonnes)	3,451.7	4,995.1	4,177.5
iii. Value (million Rials)	336.183	576.571	489.672
C. Parts, deep well pumps and motor pumps			
i. Quantity (tonnes)	564.1	2,031.2	801.7
ii. Value (million Rials)	86.271	200.545	99.840

Imports of deep well pumps during 1967-68 were valued at 267 million rials as against 235 million rials during 1962-63 and 422 million rials in 1966-67. Share of deep well pumps in total imports of all commodities into Iran in 1962-63, 1966-67 and 1967-68 was 0.56 per cent, 0.57 per cent and 0.30 per cent respectively. It is learnt that heavy imports during 1966-67 led to stock accumulation and this resulted in lower imports in 1967-68.

Imports of motor pumps (with a suction pipe diameter of more than three inches and of 35 H.P. and above) increased from 336 million rials in 1962-63 to 490 million rials in 1967-68. Share of motor pumps in total imports into Iran during 1962-63, 1966-67 and 1967-68 was 0.30 per cent, 0.78 per cent and 0.54 per cent respectively.

Imports of parts for deep well pumps and motor pumps rose from 86 million rials in 1962-63 to 100 million rials in 1967-68.

Major suppliers of deep well pumps to Iran in 1962-63, 1966-67 and 1967-68 are as under:

Sourcewise supplies of Deep well pumps During 1962-63, 1966-67 and 1967-68

Country	1962-63		1966-67		1967-68	
	Value (million Rials)	Percentage share	Value (million Rials)	Percentage share	Value (million share)	Percentage share
U.S.A.	120.292	51.14	358.680	84.90	195.890	73.40
U.K.	60.686	25.80	15.835	3.75	24.298	9.11
W.Germany	20.491	8.71	9.525	2.25	17.192	6.44
U.S.S.R.	-	-	-	-	6.730	2.52
India	9.944	4.23	19.263	4.56	6.520	2.44
France	2.856	1.21	1.377	0.33	5.611	2.10
Oman	6.500	2.76	5.675	1.34	5.349	2.00
Italy	0.712	0.30	1.490	0.35	2.321	0.87
Austria	1.441	0.61	-	-	1.143	0.43
Greece	-	-	1.117	0.26	0.747	0.28
Netherlands	8.430	3.58	-	-	-	-
Dubai	2.169	0.92	2.173	0.51	0.581	0.22
Other countries	1.708	0.74	7.349	1.75	0.482	0.19
Total	235.229	100.00	422.484	100.00	266.864	100.00

Source: Foreign Trade Statistics of Iran.

The U.S.A. had been the dominant supplier of deep well pumps to Iran since 1962-63, with a share of 51 per cent. The other major suppliers in 1967-68 were the U.K. and West Germany accounting for 9.11 per cent and 6.44 per cent respectively. The USSR entered this market in 1967-68 with a share of 7 million rials.

Imports from India in 1962-63, 1966-67 and 1967-68 were 10 million rials, 19 million rials and nearly 7 million rials respectively. India's share in total imports of deep well pumps into Iran declined from 4.23 per cent in 1962-63 to 2.44 per cent in 1967-68. During 1966-67 India's share(4.56 per cent) was more than the share of U.K. or Germany.

Motor Pumps

Source-wise imports of motor pumps (including deep well pumps) with a suction pipe diameter of more than 3 inches, 3.5 H.P. and above and if electrified running on 3 phase current, are given in Table 29.

Major portion of motor pumps was obtained from the U.K., followed by the U.S.A., West Germany and India in 1967-68.

Imports from India increased from 13 million rials in 1962-63 to 35 million rials in 1967-68 and its share in motor pumps rose from nearly 4 per cent in 1962-63 to more than 7 per cent in 1967-68.

Main sources of supply of parts for deep well pumps as well as motor pumps during the years 1962-63, 1966-67 and 1967-68 are given in Table 30.

The U.S.A. was the major supplier of parts of deep well pumps and motor pumps to Iran. Share of the U.S.A. was 70.13 per cent in 1967-68 against 34.22 per cent in 1962-63. Other major suppliers of pump parts in 1967-68 were the U.K., Austria and West Germany, with shares of 11 per cent, 6 per cent and 4 per cent respectively. India did not supply parts for deep well or motor pumps in 1962-63. It entered the market in 1967-68 with a nominal share.

Established Suppliers

Market for deep well pumps, motor pumps and parts thereof is dominated by the established exporters like the U.S.A., the U.K. and West Germany. There is considerable scope for India to increase its exports to this market. Indian exporters have not taken much interest. Established exporters from the U.S.A., the U.K. and West Germany have appointed sole-agents whereas Indian exporters rely on commission agents. Recently some exporters, have appointed sole-agents in Iran who deal with Indian products along with products from other countries. The sole-agents for the U.S.A., U.K. and West Germany undertake sales promotional activities such as advertisement, demonstration, servicing, etc. whereas Indian exporters depend merely on the goodwill of commission agents. Even though prices of Indian goods are lower than those of similar products from the U.S.A. and the U.K. as turnover of Indian goods is low, no commission agent cares to deal in Indian products. Consumers prefer and pay higher prices for English, American or German products, as they are satisfied with their performance. Pumps are used in the remote areas and any breakdown cause inconvenience and expenditure to the user. Hence there is a premium for quality and reliability in performance.

Sole-agents for the U.S.A., the U.K. and West German exporters normally obtain supplies on consignment basis whereas Indian exporters insist on full payment at the time of delivery. Additionally the image of Indian products is spoiled by some new entrants in the field who supply lowequality products at low rates.

Prospects for Indian Pumps

Discussions with the trade reveal that Indian products can be pushed in this market if the following steps are taken:

1. Indian pumps may be exported on consignment basis.
2. Indian exporters should open a combined showroom in Iran where servicing facilities are also made available.
3. Performance of Indian goods must be guaranteed for at least one year.
4. Propaganda, on spot demonstration and installation should be undertaken by exporters or their agents.
5. The finish of products should be improved.
6. Users should be given detailed information about the usage technique in Persian to avoid burning of motors and break-downs. This can be done through wider publicity and demonstration in the showroom.

However, one cannot ignore the fact that the import market for pumps is going to shrink as and when the contemplated production capacities come into existence.[1] Imports may continue under restrictions but perhaps only of better quality products. It is possible that Iran Government may impose further restrictions on imports of pumps as and when the joint venture plants are in a position to meet the domestic demand in full. For the time being, there are no restrictions on imports of pumps except that imports are subject to the prior approval of the Ministry of Economy.

Imports of deep well pumps, motor pumps of all kinds with suction pipe diameter of more than 3 inches and with not less than 3.5 H.P., parts thereof and deep well wiver casting are exempt from customs duty as well as commercial benefit tax (CBT). Motors imported along with pumps are exempted from custom duty and commercial benefit tax.

Importers or sole agents directly deal with the end-users and the institution of whole-salers is non-existent.

1/ The Tabriz machine tool plant is expected to produce about 10,000 tonnes of diesel engines and water pumps by 1970. The factory (Czech aided) is in an advanced stage of construction and 38 European suppliers are giving credit for equipping the factory. Another plant in private sector-Donuan Diesel plant is also coming up fast. The Chairman of the plant is reported to have promised to Shah that he would put 150 engines and pumps in the market for the opening of Asian Fair. The present indications are that this plant would meet a major share of Iran's need of pumps.

Prices

Although an attempt was made to collect C & F prices of different types of pumps, importers and sole-agents did not cooperate and refused to disclose prices. According to them, the information is confidential. Most of importers and sole-agents get commission on the orders placed by them from exporters. Importers would like to receive firm quotations from exporters rather than disclose prices at which they would be interested to buy. Prices are negotiated between the two parties depending upon a number of factors - the quality of course the most important factor followed by credit facility. The end-users normally get 3 to 6 months credit and often obtain their requirement on hire-purchase basis.

The Government agencies like Ministries of Agriculture, Irrigation, Water, etc., most their requirements through tenders and local importers and sole-agents participate in it. In these tender purchases, there is a preference for Iranians. Participation of foreign exporters directly in these tender bids is really not welcome although there is no legal restriction as any one can bid in the tenders subject to the terms and conditions of the respective tender. It is also learnt that no foreign exporter secured a tender bidding directly. Hence Indian exporters should operate through local distribution agents. The field is competitive and Indian prices should be sufficiently cheaper by say 8 to 10 per cent to counteract brand and name preference. But the sales should be backed by efficient after-sales-service. It is also suggested that if competent producers of these products were to set up production facilities, the possibility of capturing a larger share of the market is great.

To sum up, demand for deep well pumps by 1974 is expected to be around 15,000 tonnes. However, a great portion of the demand would be met through local production. The Tabriz machine tool plant is expected to meet at least 60 per cent of this demand. To protect domestic production, it is learnt that Government is likely to impose restrictions on imports of pumps and also to increase customs duty and the commercial benefit tax. It is suggested that this is one of the fields in which establishment of local production facilities would ensure exploitation of a growing market.

Machine Tools (Lathes)

Progress of industrialisation in Iran has led to a rapid growth of a number of engineering establishments in recent years. Moreover, Iran Government is keen on development of ancillary industries attached to large assembling and manufacturing plants to make industrial complexes self sufficient to the utmost possible extent. In 1965 the Government of Iran set up an Industrial Estate Authority to create two industrial estates in Ahwaz and Tabriz. In Ahwaz most of the preliminary work is completed and construction of estate is in progress. Construction work on the Tabriz estate would begin soon. Plans for setting up of an industrial estate at Kerman are also taking shape.

Good Demand for Lathes

A number of feasibility studies have been recently conducted for creating industrial complexes "Industrial Poles" in Iran. The Indian Government is actively helping Iran by making available services of experts from small scale industries organisations and National Industrial Development Corporation. These developments will lead to establishment of units which use machine tools such as lathes, drilling machines and cutting machines for metal working. As electric power is available in abundance, the only limiting factor for creating industrial ancillaries is non-availability of technical man-power. Iran Government is fully aware of this shortcoming and steps are being taken to import industrial and technical training to workers. This will add to demand for machine tools. Thus it is expected that there would be good demand for lathes for industrial estates as well as for training institutes apart from demand from existing large scale industries and new industries which are coming up. Available information indicates that all the major plants are going to set up their own machine sections which will involve the acquisition of various types of machine tools.

At present lathes are not produced in Iran and the entire demand is met through imports. Discussions with trade and industry reveal that by 1974-75 demand for lathes will be around 1400 numbers per annum. However, part of this demand would be met by machine-tool plants that are being set up at Tabriz and Ark.[1]

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[1] (a) Tabriz Plant - Production commences in 1971 at 5% capacity. It will produce a) Presses, Lathes, Milling & Boring Machines -2,250 number per annum - collaboration with Czechoslovakia.

(b) Machine Building Plant at Ark - (Soviet Collaboration) will produce 2,000 to 3,000 tonnes of machine tools with its captive capacity.

Progress in the setting up of these plants is rather slow and therefore Iran may import these machines for atleast five to six years, i.e., till 1974. When this plant works at full capacity a major portion of the demand for machine tools will be met through local production. According to discussions with Government officials about 50 to 60 per cent demand will be met by the proposed plant. Still there will be scope for more than 600 lathes per annum to be imported from abroad.

Imports of lathes in 1962-63, 1966-67 and 1967-68 are as under:

Item	1962-63	1966-67	1967-68
1. Number of units imported	N.A.	882	1,157
2. Quantity (in tonnes)	114.4	1,714.6	2,321.2
3. Value (in million rials)	17.746	158.193	233.832
4. Value (in million $)	0.237	2.109	3.118

Imports of drilling machines and cutting machines for metal working in 1962-63, 1966-67 and 1967-68 are given below:

Item	1962-63	1966-67	1967-68
1. Value of drilling machines imported in Iran (million rials)	5.965	19.978	22.467
2. Value of cutting machines imported in Iran (million rials)	4.625	13.618	24.864
Total	10.590	33.596	47.331

It is evident from the above tables that demand for machine tools will increase with growth in industrial production. Imports of lathes increased from 18 million rials in 1962-63 to 234 million rials in 1967-68. Similar is the case in respect of other machine tools for metal working.

All kinds of lathes are imported into Iran. Popular sizes are 10 feet and 8 feet lathes although smaller ones varying from one metre to one and a half metres are also imported. Import of lathes depends on job requirements. It is advantageous to import large size lathes as it can do smaller jobs also. If a continuous job is available for small size lathes, then these are preferred to large size ones since it is comparatively cheaper than the bigger lathes.

Principal Suppliers

Sources of imports of lathes in 1962-63, 1966-67 and 1967-68 are given in table 30.

The USSR accounted for about 27 per cent lathes imported into Iran in 1967-68. It is followed by West Germany whose share of 39 per cent in 1962-63 declined to 14 per cent in 1967-68. In the import trade in lathes there is a shift in sources of supply. The communist countries together which supplied lathes worth only 4.2 million rials in 1962-63 increased their share to 67 per cent in 1967-68 from 24 per cent. Reasons for this shift as indicated by industrialists and government officials are that lathes from communist countries are low priced compared with those imported from Western Europe, even though it is accepted that the quality of West European lathes is better. Secondly, barter arrangements and provision of credit have helped imports from the communist countries. The USSR is also collaborating in setting up of a steel mill and machine tool plants in Iran and requirements of lathes for them are imported from it. In other

Imports of drilling machines and cutting machines for metal working in 1962-63, 1966-67 and 1967-68 are given below:

Item	1962-63	1966-67	1967-68
1. Value of drilling machines imported in Iran (million rials)	5.965	19.978	22.467
2. Value of cutting machines imported in Iran (million rials)	4.625	13.618	24.864
Total	10.590	33.596	47.331

It is evident from the above tables that demand for machine tools will increase with growth in industrial production. Imports of lathes increased from 18 million rials in 1962-63 to 234 million rials in 1967-68. Similar is the case in respect of other machine tools for metal working.

All kinds of lathes are imported into Iran. Popular sizes are 10 feet and 8 feet lathes although smaller ones varying from one metre to one and a half metres are also imported. Import of lathes depends on job requirements. It is advantageous to import large size lathes as it can do smaller jobs also. If a continuous job is available for small size lathes, then these are preferred to large size ones since it is comparatively cheaper than the bigger lathes.

Principal Suppliers

Sources of imports of lathes in 1962-63, 1966-67 and 1967-68 are given in table 30.

The USSR accounted for about 27 per cent lathes imported into Iran in 1967-68. It is followed by West Germany whose share of 39 per cent in 1962-63 declined to 14 per cent in 1967-68. In the import trade in lathes there is a shift in sources of supply. The communist countries together which supplied lathes worth only 4.2 million rials in 1962-63 increased their share to 67 per cent in 1967-68 from 24 per cent. Reasons for this shift as indicated by industrialists and government officials are that lathes from communist countries are low priced compared with those imported from Western Europe, even though it is accepted that the quality of West European lathes is better. Secondly, barter arrangements and provision of credit have helped imports from the communist countries. The USSR is also collaborating in setting up of a steel mill and machine tool plants in Iran and requirements of lathes for them are imported from it. In other industrial joint ventures with the communist countries, demand for lathes is met through imports from them. Similarly, as mentioned earlier, Czechoslovakia is helping Iran in setting up a second machines tool plant at Tabriz and its basic needs for lathes are met through imports from it.

India's Position

India has lagged much behind in this line. Out of 1,157 lathes imported into Iran in 1967-68 India supplied only 20 lathes as against 9 out of 882 lathes in 1966-67. Although India increased its share from a quarter million rials in 1962-63 to 0.8 million rials in 1967-68, relatively its share declined from 1.40 per cent to 0.33 per cent. As India helping Iran in setting up industrial estates and planning for its industrial development through Small Scale Industries Institute and National Industrial Development Corporation, it may explore the possibility of selling lathes for equipping industrial estates as well as industrial training institutes. But it should be noted that Iran is in a position to obtain its requirements through barter agreements. India can also enter this line, if it can sell on credit. This can be done only when Indian machine tool producers maintain show room like "Skoda" and cultivate the market through demonstration and provision of credit. The end-user in Iran in main will be the public sector. Further more, to the private sector also, goods can only be sold by providing liberal credit. It is learnt during field visits that other countries are supplying goods on credit ranging from one and half to two years to the private sector industries. Servicing facilities are non-existent and prices of Indian lathes are higher than those from Communist countries. It is true that the Communist countries could push up sales through barter agreements and by setting up joint ventures. But both public and private sector undertakings do considerable bit of shopping and India should be able to get a share. For instance, Czechoslovakia is providing only a part of the funds needed for setting up of the second machine tool plant at Tabrize. Iran provides partly funds for equipping plants. It is learnt that Iran is bent on shopping in Europe to purchase equipment for the Tabrize plant. Hence, it appears that there is scope for sales despite barter agreements and collaboration.

Machine Tools

Lathes are imported into Iran through agents who have close contacts with the end-user. A part of requirements is met by obligations under trade agreements or by barter deals. Public sector requirements of lathes is met through the issuance of tenders. The Trade Commissioners or Commercial Attaches of the Communist countries take interest and often act as agents for suppliers from their respective countries. Czechoslovakia has appointed a sole-agent for its machine tools which includes lathes. Small scale industries get their requirements from importers/agents who offer them goods on two years' credit. Large industrial units generally import directly but prefer to buy them on credit. Commission agents who act on behalf of the end-users normally are paid 5 to 10 per cent commission. Since end-users expect about 2 years' credit, importers/ agents in their turn ask for credit from suppliers.

For importing lathes, opening of a "letter of credit" is not stipulated. They are imported on "Documents against acceptance" basis. Since payment for goods imported is made after 2 years, lathes are not imported on "Documents against payment" basis.

There are no restrictions on importation of machine tools into Iran. Customs duties on machine tools are high as seen below. High duties are levied to give protection to domestic production.

Tariff No.	Item	Customs Duty	Commercial Benefit Tax (CBT)
848-A	Pneumatic Machine tools including pneumatic tools	10% Ad Valorem	5% Ad Valorem
848-B2	Others	10% Ad Valorem	5% Ad Valorem

If machine tools are imported as a part of capital equipment, then they are exempted from customs duty as well as Commercial Benefit Tax (CBT).

Prices

It is difficult to obtain C & F prices for lathes in Iran since it is difficult to locate the end-users. Discussions with the Commission-agents revealed C & F price levels indicated below.

C & F Prices of Lathes

Item	Country	C & F (Khurranzhahr) Price including 5 to 10% Commission (In dollars)
1. Lathes 10 feet	Hungary	5,500-7500
2. " "	C.China	3,000-4,500
3. " "	Czechoslovakia	4,000-5,000
4. " "	Other C. countries	4,500-7,000
5. " 8 feet	C.China	2,000-3,000
6. " "	Yugoslovia	3,000-4,000
7. " 6 "	"	2,500-3,000
8. " 4 "	Yugoslovia and other C. countries	2,000-2,500
9. " "	Czechoslovakia	2,300-2,700
10. " "	India	N.A.

Prices of Indian lathes could not be obtained since industrialists interviewed during the field visit have not imported any from India. In Iran used lathes have no market. End-users prefer to buy new lathes. Prices of lathes from Western countries could not be obtained since persons contacted have not imported lathes recently from them. Discussions with them reveal that lathes from West European countries are expensive by more than 20 per cent.

Conclusion

Market for machine tools is expanding one. Import substitution to the extent of atleast 60 per cent of demand would take place by 1974. Domestic production of machine tools will not be sufficient to meet indigenous demand in full and hence imports will continue. Sales can be made only through demonstration and credit provision. Hence it is suggested that Indian manufacturers should open show rooms and push up sales by providing competitive credit terms to purchasers.

Pharmaceuticals

Iran imports large quantities of medicines - (patent as well as dosed) from abroad. With greater emphasis on health, the imports of medicines have been increasing over the last decade. A number of foreign pharmaceutical concerns have set up plants in Iran. Raw materials for these plants are generally supplied by the parent company. During 1968 following foreign companies were operating their plants in Iran. These companies are registered as Iranian companies.

Foreign Investor	Iranian Company
1. Dom Baxter Inc. (USA)	Sherkat Sahami Dom Baxter Iran.
2. E.R. Squibb & Sons (USA)	Sherkat Sahami Squibb Iran.
3. American Cyanamid(USA)	Sherkat Sahami Cyanamid K.C.B.
4. Pfizer Corp.(USA)	Sherkat Sahami Laboratories Pfizer Iran.
5. Parke Davis & Co.(USA)	Sherkat Sahami Parke David Iran.
6. N.V. Organon(Dutch)	Sherkat Sahami Organon Iran.
7. Farben Fabricker Bayer A.G.(German)	Sherkat Sahami Bayer Pharma, Iran.
8. F.C. Bochringer & Soehne, G.m.b.h. (German)	Sherkat Sahami Tehran Shimi.
9. Farbwerke Hoechst A.G.(German)	Sherkat Sahami Sanati Iran Hoechst.
10. Merck Holding Co. (German)	Sherkat Sahami Iran Merck,
11. Lepetit S.P.A. (Italian)	Sherkat Sahami Lepetit Iran.

Even though 11 foreign companies have collaborated in setting up manufacturing facilities for pharmaceuticals imports of medicines, antibiotics, vaccines, serums and penicillin and its compounds have not declined till the end of 1968 as most of manufacturing units are in various stages of construction and development and have not yet reached full capacity production. It is gathered that by 1974-75 most of the demand for medicines will be met through domestic production, though bulk imports of raw materials and intermediate goods will continue.

Imports

Imports of pharmaceuticals in 1962-63, 1966-67 and 1967-68 are given below:

Item	1962-63		1966-67		1967-68	
	Quantity (tonnes)	Value (million rials)	Quantity (tonnes)	Value (million rials)	Quantity (tonnes)	Value (million rials)
1. Medicines - Patent	2,014.8	857.367	5,695.0	2,152.612	5,770.0	2194.051
2. Medicines - Dosed	2,383.1	506.553	249.4	41.752	221.1	53.875
Sub-total		1,363.920		2,194.364		2247.926
3. Antibiotics	750.4	519.214	2,466.6	892.301	1,657.0	993.486
4. Serums, vaccines	87.0	16.816	32.5	25.096	18.0	30.706
5. Penicillin & its compounds	68.2	36.635	50.9	26.157	11.6	19.557
Total		1,936.585		3,137.918		3,291.675

(Source: Foreign Trade Statistics of Iran)

Figures for antibiotic and pencillin and its compounds appear exaggerated. Discussions with the Ministry of Health, Agriculture and Planning Department, and a review of available documents reveals that 1965 consumption of antibiotics is mentioned below. Figures for other years represent projected consumption levels.

	1965 Consumption	1969 1970	Anticipated consumption	
			1974-75	1979-80
1. Tetracycline (tonnes)	10	15	20	25
2. Procaine(tonnes)	10	15	20	25
3. Pencillin(tonnes)	15	23	30	38
4. Streptomycin(tonnes)	10	15	20	25
5. Chloramphenical (tonnes)	6	9	12	15
6. Vitamin B.12(Kg.)	"8"	"12"	"16"	"20"
7. " B.2(Kg.)	100	150	200	250
8. " C.(tonnes)	20	30	40	50
Sulpha-compounds:				
9. Sulfadaizine (tonnes)	25	38	50	64
10. Sulfaguanidine(")	15	23	31	39
11. Sulfametasy (") (Prydazine)	10	15	20	25
12. P.A.S.	15	23	31-	39

Present demand and future estimates for these drugs make one to suspect correctness of the import figures. However, observations made in the report are based on published import statistics. Imports of medicines (patent and dosed), antibiotics, serums and penicillin increased at an average amount rate of 11.2 per cent from 1,937 million rials in 1962-63 to 3,292 million rials in 1967-68. Patent medicines increased at an annual rate of 20.5 per cent, antibiotics at 13.8 per cent and serums at 12.8 per cent. Imports of dosed medicines and penicillin and its compounds declined. The heavy decline in dosed medicines from 507 million rials to only 54 million rials is due to imposition of custom duties and commercial benefit tax (CBT) while other items are exempt from them. As a first step, the existing pharmaceutical plants have started producing dosed medicines.

Sources of supply of pharmaceuticals to Iran in 1962-63, 1966-67 and 1967-68 are given in table 32.

Patent Medicines

Major suppliers of patent medicines to Iran in 1967-68 were Switzerland, W. Germany, France, the U.S.A. and the U.K. Shares of these countries in patent medicines in 1967-68 were about 23 per cent, 20 per cent, 15 per cent, 14 per cent and 11 per cent respectively.

Supplies of patent medicines from India which were less than a million rials in 1962-63 rose to 2.5 million rials in 1967-68. India's share is less than one per cent in both years. Imports from India consisted mainly of pain removing balms such as Amritanjan, etc.

Dosed Medicines

There was a heavy decline in imports of dosed medicines since 1962-63. Imports declined from 506.553 million rials in 1962-63 to 53.875 million rials in 1967-68. Most of dosed medicines are prepared locally by the pharmaceutical plants set up in Iran in collaboration with foreign pharmaceutical companies. The trade revealed that by 1974-75, imports of dosed medicines will be completely stopped.

Main suppliers of dosed medicines in 1967-68 were the U.K., W. Germany, Netherlands and U.S.A. Shares of these countries were 58 per cent, 11 per cent, 9 per cent and 8 per cent respectively. India did not supply dosed medicines. In 1962-63, India supplied dosed medicines worth 700,000 rials whereas in 1966-67, it was only 64,000 rials.

Imports of antibiotics increased from 1962-63. They rose from 519 million rials in 1962-63 to 998 million rials in 1967-68.

Antibiotics

Principal suppliers of antibiotics in 1967-68 were the U.S.A., Italy, W. Germany, Switzerland and Belgium. Shares of these countries individually were 25 per cent, 19 per cent, 14 per cent, 12 per cent and 10 per cent respectively. India did not supply antibiotics to Iran during the period 1962-68.

Other bulk imports of pharmaceuticals were vaccine sera of all kinds and penicillin and its compounds. Iran's import of vaccine sera increased from 16.816 million rials in 1962-63 to 30.706 million rials in 1967-68 whereas imports of penicillin and its compounds declined from 36.635 million rials to 19.557 rials.

Vaccine sera came mainly from the U.S.A., Switzerland and the U.K. whereas penicillin and its compounds were supplied by the U.S.A., the U.K. and Belgium. India, so far, has not supplied either vaccine sera or penicillin and its compounds to Iran.

Import Levies

Importation of patent medicines is subject to customs duties. Also such imports need prior consent of the Ministry of Health and the import of drugs especially used in veterinary hospitals need prior approval of the Ministry of Agriculture. The commercial benefit tax is not levied on patent medicines. Imports of dosed medicines are subject to prior approval of

Ministry of Health or Ministry of Agriculture (depending on the usage of dosed medicines). The custom duty as well as commercial benefit tax is levied on dosed medicines. Dosed medicines are exempted from commercial benefit tax if the medicaments are imported in the name of research institutes attached to Universities or imported by either Ministry of Health or Ministry of Agriculture. In the case of other pharmaceuticals such as antibiotics, vaccine sera and penicillin and its compounds, customs duties as well as commercial benefit tax are not levied but importation is subject to prior approval of either Ministry of Health or Ministry of Agriculture depending on the usage of the pharmaceuticals.

Custom duties and commercial benefit tax on pharmaceuticals in Iran are given below:

Item	Customs duties	Commercial benefit tax(CBT)
1. Patent medicines	10% ad valorem	-
2. Dosed medicines	10% ad valorem	20% ad valorem
3. Antibiotics	exempt	-
4. Vaccines, serums	exempt	-
5. Pencillin & its compounds	exempt	-

Other important factors involved in importation of pharmaceuticals into Iran worth mentioning are:

i) Determination of the classification of sera, vaccine and patent medicines is made by a committee comprising representatives of the Ministry of Health, Medical and Pharmaceuticals.

ii) Clearance of all kinds of sera, vaccines, patent medicines and antibiotics from Customs for commercial purposes is subject to previous permission of the Ministry of Health.

iii) In the case of drugs where their usage time limit is marked on the labels, these can be cleared from the customs when at least six months of their usage time is left unexpired, otherwise customs department will destroy them.

According to the information gathered during the field visit India has no prospects in patent medicines. It may continue to supply anti-pain balms which are in good demand. There is no scope for dosed medicines from India. India may be in a position to supply medicaments such as antibiotics and penicillin. It may enter this market by utilising the existing sole-agents in Iran. Iran Government protects the existing local importers of pharmaceuticals and normally new entrants are not granted permits. The permit holders as well as new importers may be authorised to import only such medicines which are not available and which are declared essential by either Ministry of Health or Ministry of Agriculture(for veterinary purposes only). Hence,no new importer has entered this trade. Moreover, practically every big pharmaceutical company has started manufacturing medicines in Iran and these companies are allowed to import fine chemicals for their requirements. At present penicillin and antibiotics are imported in bulk by established importers for packing in bottles for retail sale.

Pharmaceutical manufacturing plants being set up in Iran invariably import their requirements of fine chemicals from respective collaborating countries. Indian exporters may approach these companies for supply of a few fine chemicals provided at competitive prices.

It is difficult for the team to obtain prices of imported pharmaceuticals in Iran since items are numerous and also the manufacturing plants do not reveal prices. Accordingly no prices of pharmaceuticals are given.

As antibiotics are imported in bulk, it is suggested that Indian producers should contact the pharmaceutical companies.

Bicycles and Parts

There are two types of bicycles in use in Iran. Bicycles without engine popularly called pedal cycles and bicycles with engines called velocipedes. The entire demand for pedal cycles is met almost through imports since there is no local production. There is one small assembling plant for pedal cycles with a capacity of about 8,000 bicycles per annum. It is learnt that this unit is not economical and in near future may abandon assembly. Iran has recently signed an agreement with Czechoslovakia for establishing a plant that will turn out 15,000 motor cycles, 24,000 mopeds and 100,000 bicycles. This plant is anticipated to go into production by 1972. In the past imports of pedal cycles varied from 75,000 to 85,000. Iran does not export pedal cycles to neighbouring countries.

The entire demand for bicycle parts is met through imports. Attempts have been made without any success to produce locally cycle parts such as frames and forks. Indigenous parts were found to be high priced and inferior in quality and finish. Steel pipes which are basic requirement for producing these parts are not produced in Iran. There are four steel tube producing plants but their production is confined to water pipes and electric conduit pipes. It is expected that it will take atleast 10 years for Iran to go in for production of steel pipes for cycles even after the commissioning of Czech plant. For other parts, such as saddles, tyres and tubes, spokes, bells, chains, hubs, etc., there are no production facilities and the entire demand is met through imports.

Local Production Negligible

Thus, with negligible production and with no exports, the entire demand for pedal cycle and parts had to be met through imports. Annual imports may be taken as annual demand for bicycles and parts in Iran.

Annual imports[1/] of pedal cycles and parts are given below:

Imports of Cycles & Parts into Iran

Cycles	1962-63	1966-67	1967-68
Quantity (in '000 numbers)	90.0	77.4	73.2
Value (in million rials)	153.989	117.611	106.327
Value (in '000 $)	2,053.2	1,568.1	1,417.7
Parts & fittings			
Value (in million rials)	32.035	33.579	36.542
Value (in '000 $)	427.1	447.7	487.2

There was a decline in absolute quantity and value of imports of pedal cycles since 1962-63 mainly due to credit restrictions imposed by the Central Bank of Iran on imports of complete cycles. However, there had been increase in importation of parts and fittings of pedal cycles since 1962-63 with the commencement of production in the small assembling plant.

[1/] Source: Foreign Trade Statistics of Iran, for the years 1962-63, 1966-67 and 1967-68.

Sources of supply of pedal cycles in 1962-63, 1966-67 and 1967-68 are as under:

Countries	1962-63		1966-67		1967-68	
	Value (in Mill. rials	%age share of imports in terms of value	Value (in Mill. rials	%age share of imports in terms of value	Value (in Mill. rials	%age share of imports in terms of value
United Kingdom	131.006	85.08	70.008	59.53	61.943	58.26
India	5.782	3.75	29.711	25.26	25.437	24.86
Czechoslovakia	0.480	0.31	2.481	2.11	6.909	6.51
Hungary	2.262	1.47	1.311	1.11	3.045	2.86
Poland	4.074	2.65	2.493	2.12	2.950	2.77
Japan	0.455	0.30	3.527	3.00	1.901	1.79
W.Germany	5.786	3.76	3.677	3.13	1.544	1.45
U.S.S.R.	0.479	0.31	0.003	Neg.	1.473	1.39
Italy	2.027	1.32	0.588	0.50	0.090	0.08
France	0.584	0.38	1.844	1.56	0.015	0.01
C.China	-	-	1.920	1.63	-	-
Other countries	1.054	0.67	0.048	0.05	0.020	0.02
Total	153.989	100.00	117.611	100.00	106.327	100.00

Source: Foreign Trade Statistics of Iran, 1962-63, 1966-67 and 1967-68.

UK's Position

The U.K. supplied about 85 per cent of pedal cycles to Iran in 1962-63 but its share was reduced to 58.3 per cent in 1967-68. India's shares in 1962-63, 1966-67 and 1967-68 were 3.75 per cent, 26.26 per cent and 24.86 per cent respectively. Other countries apart from India which increased their shares in 1967-68 over 1962-63 were Japan, Czechoslovakia, Hungary and the USSR. The countries whose shares declined in 1967-68 compared to 1962-63 were the U.K., W. Germany, Poland, France and Italy.

Main competitors in 1967-68 were the U.K., India, Czechoslovakia, Hungary and Poland and Communist China.

Sources of supply of parts and fittings of pedal cycles to Iran in 1962-63, 1966-67 and 1967-68 are as under:

Country	1962-63		1966-67		1967-68	
	Value (Mill. rials)	%age share of imports in terms of value	Value (Mill. rials)	%age share of imports in terms of value	Value (Mill. rials)	%age share of imports in terms of value
India	0.895	2.79	8.907	26.53	20.334	55.65
Japan	3.032	9.46	9.673	28.81	5.239	14.34
W.Germany	5.418	16.91	1.043	3.11	2.571	7.04
France	1.853	5.78	3.340	9.95	2.468	6.75
Czechoslovakia	0.586	1.83	0.502	1.49	1.987	5.44
U.K.	9.293	29.01	2.391	7.12	1.376	3.77
Italy	2.084	6.51	1.269	3.78	0.916	2.51
C.China	-	-	5.042	15.02	0.838	2.29
N.China	5.580	17.42	-	-	0.394	1.08
Netherlands	1.826	5.70	0.602	1.79	0.059	0.16
Other countries	1.468	4.59	0.810	2.40	0.370	0.97
Total	32.035	100.00	33.579	100.00	36.542	100.00

Source: Foreign Trade Statistics of Iran, 1962-63, 1966-67 and 1967-68.

The U.K. which dominated the market for parts and fittings of pedal cycles in 1962-63, lost a major portion of its share in 1967-68 to India. Principal suppliers in 1962-63 were the U.K., Formosa, W. Germany, Japan, Italy, France and Netherlands. In 1967-68, main sources of supply according to value were India, Japan, W.Germany, France, Czechoslovakia, the U.K., and Italy. India's share in supply of parts and fittings of pedal cycles had shown tremendous spurt in 1967-68 when India became the largest supplier. Its share in bicycle parts was as high as 55.65 per cent.

Consumer's Preference

Consumer's preference plays an important role in demand for pedal cycles and their parts and fittings. Over a long period the U.K. has dominated the market and the consumers are "British Make" conscious. On the other hand, goods from U.K. are very expensive and all consumers cannot afford to go in for "British Make", thus it paves the way for other suppliers whose goods are like British goods but cheaper. During the field visit, it was clearly evident that British and Japanese goods were more popular than Indian goods. India could capture the market because its goods were cheaper in price and secondly there was 5 per cent monopoly tax on goods from the U.K. and Japan in addition to usual import duties and Commercial Benefit (profit) Tax (C.B.T.), and thirdly Indian goods were like British goods.

Brand Consciousness

Apart from "Brand" consciousness, a consumer looks to other factors in the pedal cycle, such as design and colour. Most of pedal cycles required in Iran are of re-inforced frames with double horizontal bars. Double horizontal bars have nothing to do with sturdiness of the cycle but is the fashion and even in prices, there is hardly any difference with single horizontal bar cycle. The other particulars a consumer looks to are of those of British models and thus are more acceptable to consumer and, of course, Indian cycles are cheaper compared with European and Japanese cycles. Preferred frame sizes are 20 inches. Mud guards having "U" shape and raised handle bars are generally liked. Colour of the pedal cycle also plays an important role. The most preferred colour is green and black gets second preference. Some countries have tried other colours such as red and blue, but these were not liked. Consumers prefer car-paint on the cycles.

Customs Duties

Pedal cycles are imported into Iran under custom tariff No.895, whereas parts and fittings are covered under custom tariff No.896-2(General Import-Export Regulations for the Iranian year 1347 i.e., March 21,1968 March 20, 1969, as brought out by the Ministry of Economy, Iran). Import duty and C.B.T. for 1968-69 on bicycles are as under:[1]

Item	Import duty	CBT
1. Pedal bicycle	10 per cent ad valorem	25 rials per Kg.
2. Parts and fittings of pedal bicycle	10 per cent ad valorem	-do-

If parts and fittings are imported by local assemblers, then C.B.T. is not levied.

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[1] It was learnt that import duties will not be changed during the entire Fourth Plan period 1968-1972.

British suppliers have sole-agents in Iran and through them, pedal cycles, parts and fittings, are imported. Japanese suppliers, on the other hand, transact business through a number of importers and Commission agents. Discussions with traders have revealed that most of importers and commission agents or sole agents deal directly with retail houses. This means that importers or agents also act as wholesalers. These importers or agents organise distribution of bicycles and parts to the consuming centres - mainly provincial headquarters. In general retailers do not pay cash for supplies and are granted credit by distributors ranging from 3 to 6 months. The trade margin for importer/agent (who is also wholesaler and distributor and who also grants credit to retailers) varies between 3 to 10 per cent of C & F price, whereas a retailer adds 10 to 15 per cent to the wholesale price.

Prices

Prevailing C & F and retail prices in December 1968 for pedal cycles are as under:

Brand	Country	C & F price Khorramshahr (Rials)	Retail price (Rials)
1. Phillips, Raleigh, B.S.A.: Hercules - complete with all accessories	U.K.	2,000 to 2,500	3,000 to 3,500
2. Eastern, Central, Rex, No.1 (complete)	Japan	1,650 to 1,750	2,500 to 2,600
3. Hero Roadmaster Alka Admiral, Hind, Atlas, Eastern Star, Amardeep (complete)	India	1,200 to 1,350	2,200 to 2,300

C & F prices of pedal cycles from East European countries range between 1100 rials and 1200 rials excluding commission to the agent or the importer, while retail prices of cycles vary from 1800 rials to 2400 rials. Cycles from communist bloc are not popular as importers and consumers are not sure of regular supplies. Once in a while, exporters from these countries visit Iran and procure orders. In the current year Czechoslovakia, Poland and Hungary are out for capturing Iran market. It is learnt that most of cycles supplied by them are subsidised and importers are given heavy commission for purchases. Importers refuse to reveal the extent of commission they get on these imports. Dealers of course have little faith in regular supply even though they are not averse to make some quick money.

Locally assembled bicycle costs about 2100 rials. There is negligible demand for these cycles even though it is the cheapest cycle in retail. It is understood that the finish and colour of these cycles is nowhere close to even to the most inferior cycles imported from abroad. Production cost is heavy and the margin to wholesalers and retailers is low and thus they do not make any effort to push sales of locally made cycles.

Main accessories, parts and fittings are saddle, chain cover, bells, dynamo (for light), siren horn, carrier, stands, back mirror, pedals, freewheel, hub (front and rear), axels, brakes, mud guards, chain wheel and crank, wheel spokes, chains, steel balls, etc. etc. C&F prices (Khorramshahr) of some of these items in December 1968 are as under:

Item	C&F Price in rials
1. Saddle	100 - 180 per piece
2. Chain cover	150 - 200 per dozen
3. Carriers	30 - 40 per piece
4. Stand	30 - 40 per piece
5. Pedals with rubber	25 - 40 per piece
6. Pedal axle	100 - 160 per dozen
7. Free wheel (18 teeth)	35 - 50 per piece
8. Chain wheel and crank (48 teeth)	90 - 115 per piece
9. Hubs	65 - 90 per dozen
10. Hub axle	75 - 100 per dozen
11. Wheel spokes with washers & nipples	50 - 60 per dozen
12. Brakes (complete set)	80 - 100 per set
13. Cups B.B.	45 - 50 per piece
14. Mud guards	50 - 90 per piece
15. Chain	25 - 50 per piece
16. Leather tool bag small size	20 - 40 per bag
17. Rims	120 - 150 per piece

Prices of parts and fittings vary according to make and country of origin. It is difficult to get exact specifications and prices by brands during the field visit. It was learnt that Indian goods are in very good demand and most of Indian exporters know specifications and prices. It is only good salesmanship and advertising compaign that will help to increase sales in Iran.

Packing

Importers informed the team that packing of bicycles from India was far from satisfactory. Most of the wooden cases crack before they reach destination and the finish is spoiled. The spoiled finish forces importers to reduce prices while making supplies to retailers which reduces the importer/wholesaler margin considerably. It is suggested that good quality wooden cases should be used. It is further suggested that frames should be separately packed and not along with other parts. Frames handles should be packed in such a manner so that goods are not spoiled due to dents, scratches, etc. It is not necessary to give markings indicating buyer's name, case number and ultimate destination in Persian script. English markings will do provided they are quite clear. Often markings get defaced and cause delay.

Indian exporters (leading ones) advertise their products through local advertising agencies where as the publicity for British and Japanese products is carried out by sole agents/importers themselves. Since the Agent/importer is the main link between exporter and consumer, it will be worthwhile considering organisation of publicity campaign through importers/agents and liberal allowances may be provided for advertisement and sales promotion.

Complaints

Complaints against Indian exporters as revealed by importers relate to non-payment of commission to agents, non-fulfilment of commitments, delay in delivery schedule, bad packaging and marking. Some of the Indian exporters do not care about quality and supply very cheap varieties. This in the long run discredits Indian goods; importers expressed that such practice should be avoided. The market is quality conscious and goods of better quality are available from other foreign countries. In these circumstances, Indian cycles must be of good quality and steps should be taken to ensure it. Moreover, goods must conform to the samples, and as far as possible delays in shipment must be avoided. With a little more care, India can secure a very good share in Iran's import trade in cycles.

Demand for pedal cycles by 1974 is expected to reach a level of 150,000 units. Local production by that time is expected to meet demand to the extent of 100,000 units. However, import demand for parts would expand fast and it is likely that import of full cycles may be restricted in a drastic way with the emergence of local production. It is estimated that import of components and parts would be around 125 million rials in 1974. India can easily capture a major share say 65 million rials.

Cycle Tyres & Tubes

Tyres and tubes for pedal cycles are imported in large numbers. Some imports flow into Iran alongwith cycles as complete cycle includes tyre and tube. Tyres and tubes of complete cycles are packed separately and also are weighed separately for purposes of import duty. Thus, with the import of complete pedal cycle, tyres and tubes are treated separately from the rest of pedal cycles. There is no local production of tyres and tubes. Sometimes, a negligible quantity of tyres and tubes is re-exported to neighbouring countries but not on regular basis, that is, there may be re-exports once in a while when neighbouring countries experience a temporary shortage due to delay in shipments from abroad. Thus for all practical purposes, imports of tyres and tubes into Iran, can be considered as the apparent consumption.

Based on the discussions with importers it is estimated that Iran would import about 75 million rials worth of tyres and tubes for pedal cycles by 1974. Of this about two-third would be for tyres and the remaining one-third for tubes. The wear and tear of tyres and tubes is quite heavy in Iran due to rough roads and paths.

Decline in Imports

Annual imports of pedal cycle tyres and tubes are as under:

Tyres	1962-63	1966-67	1967-68
Qyantity(in '000 numbers)	N.A.	881	769
Value(in million rials)	51.440	56.037	43.293
Value (in thousand dollars)	686	747	577
Tubes			
Value(in million rials)	21.421	26.330	24.419
Value (in thousand dollars)	286	351	326

There was a decline in imports of both tyres and tubes of pedal cycles in 1967-68 compared with the previous year. It was revealed by traders that the decline in imports was mainly due to unsold stocks with them. In 1966-67 Communist China dumped its goods in the market. Prices of Chinese goods were the lowest and so importers were tempted to build heavy stocks which could not be cleared in 1966-67. This has resulted in decline in imports in 1967-68.

Main sources of supply of pedal cycle tyres for the years 1962-63, 1966-67 and 1967-68 are as under:

Source-wise Imports of Cycle Tyres During 1962-63, 1966-67 & 1967-68

Country	1062-63		1966-67		1967-68	
	Value (Mill. Rials)	Percentage share of imports	Value (Mill Rials)	Percentage share of imports	Value (Mill. Rials)	Percentage share of imports
United Kingdom	21.754	42.29	19.086	34.06	11.861	27.40
Japan	4.772	9.28	17.784	31.74	10.427	24.09
China	4.147	8.06	3.757	6.70	4.817	11.13
Czechoslovakia	2.111	4.10	3.398	6.06	4.557	10.53
India	0.414	0.80	3.181	5.68	3.267	7.55
Singapore	3.753	7.30	-	-	2.014	4.65
Hungary	0.230	0.45	1.305	2.33	1.842	4.25
C. China	-	-	4.691	8.37	1.005	2.32
Rumania	-	-	0.129	0.23	0.953	2.20
W. Germany	4.384	8.52	0.098	0.17	0.598	1.38
Poland	0.051	0.10	1.061	1.88	0.584	1.35
Pakistan	4.886	9.50	-	-	0.386	0.89
Other Countries	4.938	9.60	1.557	2.78	0.982	2.26
Total	51.440	100.00	56.037	100.00	43.293	100.00

Source: Foreign Trade Statistics of Iran, 1962-63, 1966-67 & 1967-68.

Main Suppliers

It is clear from the above table that the U.K. and Japan together supplied about 51 per cent of pedal cycle tyres to Iran in 1967-68. Their individual shares were 27 per cent and 24 per cent respectively. Imports of cycle tyres from the U.K. declined heavily from about 22 million rials in 1962-63 to about 12 million rials in 1967-68 whereas Japan strengthened its position from about 5 million rials to more than 10 million rials. Other countries which increased their exports of pedal cycle tyres in 1967-68 compared with 1962-63 were Formosa, Czechoslovakia, India, Hungary and Poland. Other countries apart from U.K. whose exports declined were Singapore, W. Germany and Pakistan. In 1966-67, Communist China supplied cycle tyres worth about 5 million rials but next year she accounted for one million rials. Rumania increased its share from a level of 0.1 million rials in 1966-67 to nearly one million rials in 1967-68.

India's Share

India's share in pedal cycle tyres was less than one per cent in 1962-63 whereas in 1967-68, it was about 8 per cent. Increase in terms of value was from 0.414 million rials to 3.267 million rials. In terms of percentages, it may appear that import trade in cycle tyres is not significant but if one considers growth potential prospects are highly encouraging. Moreover, it is possible for India to increase its share in due course.

Severe Competition

India will have to face severe competition with established suppliers like the U.K., Japan and Nat.China on the one hand and the new entrants from East European countries and C.China on the other. It is necessary to watch carefully trade practices followed by the communist countries whose goods are not superior to Indian goods but their prices are lower. To complete with established suppliers, India should take into account quality.

The table below gives sources of supply of tubes for pedal cycles in 1962-63, 1966-67 and 1967-68.

Source-wise Imports of Cycle Parts during 1962-63, 1966-67 & 1967-68

Country	1962-63		1966-67		1967-68	
	Value (Mill. Rials)	%age share of imports	Value (Mill. Rials)	%age share of imports	Value (Mill. Rials)	%age share of imports
United Kingdom	9.776	45.64	10.700	40.64	8.525	34.91
Malaysia	1.016	4.74	2.044	7.76	2.903	11.89
Japan	0.496	2.32	3.912	14.86	2.592	10.61
Czechoslovakia	1.300	6.07	1.662	6.31	2.122	8.69
Nat. China	0.811	3.79	1.787	6.79	1.993	8.16
Pakistan	2.515	11.74	0.703	2.67	1.564	6.40
Rumania	-	-	0.720	2.73	1.325	5.43
India	0.782	3.65	1.044	3.97	1.051	4.30
C. China	-	-	2.557	9.71	0.580	2.38
W. Germany	2.163	10.10	0.160	0.61	0.466	1.91
Other countries	2.562	11.95	1.041	3.95	1.298	5.32
Total	21.421	100.00	26.330	100.00	24.419	100.00

Source: Foreign Trade Statistics of Iran, 1962-63, 1966-67 and 1967-68.

Iran imported 24 million rials worth of cycle tubes in 1967-68 whereas in 1962-63 they were 21 million rials. The United Kingdom occupied the first position in supply of pedal cycle tubes to Iran. Although, the percentage share of the U.K. had been declining since 1962-63, still in 1967-68 it was about 35 per cent. Further, in value the decline was a little more than one million rials. Other important countries whose shares declined in 1967-68 were Pakistan and West Germany. All the other countries increased their shares. Rumania and Communist China are new entrants.

India's share in cycle tubes was nearly 3.7 per cent in 1962-63 and in 1967-68 4.3 per cent, which indicates an increase which is less than those of other countries - notably Malaysia, Japan, Formosa and Czechoslovakia. Traders revealed during the discussion that India could not supply seamless tubes which were in great demand. India mostly supplies jointed tubes. It was further revealed that in performance as well as in price there is not much difference between seamless tubes and jointed tubes and one can only ignore consumer's preference at his own risk. Tubes supplied by Japan and Malaysia are seamless whereas the U.K. supplied both seamless and jointed ones. All the other countries supplied only jointed tubes. Thus the main competitors to India in 1967-68 were the East European countries, Formosa and Communist China. Indian cycle tubes are the cheapest with the exception of those from Czechoslovakia. This may be one of the factors which accounted for slight increase in India's share.

Import Levies

Tyres and tubes for pedal cycles are imported against Custom Tariff No.375-B-I and 375-C-I respectively (General Import-Export Regulations for the Iranian year 1347, i.e., March 21, 1968 - March 20, 1969 as brought out by the Ministry of Economy). There is no restriction on imports of tyres and tubes so far as source of supply is concerned, but are subject to custom duties and Commercial Benefit (Profit) Tax. Apart from these customs duties and CBT there are three other factors noted below.

i) Import of tyres and tubes of pedal cycle are subject to prior approval of the Ministry of Economy, Iran, and (i.e., Import licence)

ii) With each complete cycle one spare tyre and tube is authorised to be imported. (As stated earlier in case of pedal cycles, import of complete cycle includes import of a pair of tyres and tubes. This spare tyre and tube is in addition to the two tyres and tubes imported along with complete pedal cycle).

iii) Import is allowed only against letter of credit which can be established with any bank by depositing 40 per cent of the invoice value at the time of opening the letter of credit. The custom duty and CBT on the tyres and tubes of pedal cycle for 1968-69 are given below. It is gathered that these duties will not be changed during the Fourth Plan period (1968-72).

	Item	Customs Duty	CBT
1	Tyres for pedal cycle	10 Rials per Kg.	10 Rials per Kg.
ii	Tubes for pedal cycle	15 Rials per Kg. with box.	Nil

The CBT is not levied on tubes of pedal cycle but the custom duty is by weight including packaging.

Marketing and distribution channels for cycle tyres and tubes are similar to those for cycles, that is, British suppliers depend on their sole agents whereas Japanese and other suppliers transact business through importers and commission agents. Importers also act as wholesalers and the trade margin for importers varies between 5 to 10 per cent of C & F price. Retailers normally earn about 15 to 20 per cent. They obtain their supplies through credit ranging from 3 to 6 months extended by importers.

Prices

Prevailing C & F (Khorramshahr) and retail prices for tyres and tubes of cycles in December 1968 are as under:

Item	Country of Origin	C & F Price per piece (rials)	Retail price per piece (rials)
Tyres:	i) India	50 to 53	60 to 65
	ii) U.K.	80 to 90	100 to 115
	iii) Singapore, Japan & Malaysia	70 to 75	90 to 100
	iv) Nat. China & C. China	About 45	About 60
	v) East European countries	45 to 60	60 to 90
Tubes:	i) India	35 to 40	50 to 55
	ii) U.K.	90 to 95	120 to 130
	iii) Japan & Malaysia	70 to 80	100 to 105
	iv) Nat.China & C. China	50 to 55	70 to 75
	v) Czechoslovakia	30 to 35	45 to 50

The C & F price for pedal cycle tyres ranges from a low of 45 rials to about 90 rials per piece and similarly retail prices range from 60 rials to 115 rials per piece. The weight of tyre apart from quality plays an important role. Normal weight of an Indian tyre is about 0.8 Kg. whereas it is between 0.7 Kg. to 0.75 Kg. in case of tyres from East European countries. Singapore, Malaysian and Japanese tyre weigh about one kg. each. Importers prefer light weight tyres of pure rubber and other materials used in it since customs duty is by weight. It is revealed that about two years ago, tyres used to weigh about 20 per cent more than now.

The C & F price of cycle tubes varies from 35 to 95 rials per piece, and variation in retail prices is from 45 to 130 rials per piece. Main factors affecting price of pedal cycle tubes are (i) type of tubes, (i.e., seamless or jointed), (ii) weight of the tube, (iii) packaging of tubes, and (iv) quality of rubber. As mentioned earlier, consumers prefer seamless to jointed tubes. The weight of the tube and the packaging is important from the point of view of importers who pay customs duty. The weight of the box is included for determining the customs duty.

The quality factor is a general one. Rubber should be such that it is not affected much due to excessive changes in climate.

Packing

The cycle tyres are generally packed in jute bags. Each bag contains 50 to 100 tyres. Each tyre is first wrapped in a thick paper and there is second wrapping of jute or hessian cloth and then they are put in bundles. The bundles are then tightly secured with iron straps. Cycle tubes are powdered and then put in cloth bags. Cloth bags are put in wooden boxes which has iron strappings. Each wooden box contains about 200 tubes. Care must be taken that light weight wood and iron strapping be used to avoid excess weight. The trend is for larger boxes. Bundles and boxes should have clean markings in English script. Markings in Persian script are not essential but if given will help quicker disposal.

Good Market for India

Traders dealing in Indian products who were contacted during the field visit complained in regard to quality, packaging, non-payment of commission, late deliveries, shipments not according to specifications (i.e. size and type) and lack of advertisement. It is disclosed that India has a good market provided quality is made comparable to that of East European countries and Communist China. Importers may not mind paying a little higher price for better quality.

To sum up, India's export performance is encouraging. Iranian import market for tyres and tubes is likely to reach a level of 75 million rials by 1974. With proper sales effort and quick deliveries India can easily increase its exports to 20 million rials from 1967-68 level of less than 5 million rials.

Paper & Paper Products

Iran does not produce cardboard and paper and the entire demand is met by imports. Cardboards are distinguished from paper on the basis of weight per square metre. Products weighing 300 grams or more per square metre are regarded as cardboard, and those weighing less than 300 grams per square metre are treated as paper.

Cardboards

Cardboards and paper have various uses in Iran. Main end-users of cardboard are textile mills, cardbox making units and packing industries for medicines, chemicals for retail sale, etc. Paper is used for wrapping, decorating, writing and as newsprint depending on the type and quality.

During the field visit an attempt was made to ascertain total demand for cardboard and paper for 1974-75. As per available estimates, Iran would require about 5,000 tonnes of cardboard and about 150,000 tonnes of paper of various types and quality in 1974-75. It seems that these estimates are made on the basis of past trends adjusted to anticipated growth of the economy. This means that demand of cardboard would be around 90 million rials, while that of paper would reach a level of 2500 million rials by 1974.

It is observed from table 33 that Iran imported cardboard worth 31 million rials in 1962-63, which increased to 45 million rials in 1967-68. In terms of quantity the increase was from 1,811 tonnes to 2,583 tonnes. As mentioned earlier, it is expected that demand would increase to about 5,000 tonnes by 1974-75.

Iran imports a substantial quantities of all types of paper. In 1962-63, imports amounted to 42,341 tonnes valued at 769 million rials and in 1967-68 they increased to 91,000 tonnes valued at 1.5 billion rials. In other words imports doubled during the five-year period. It is estimated that by 1974-75 Iran would need about 150,000 tonnes of paper of all types.

Major portion of imports of paper is in rolls or sheets weighing more than 35 grams per square metre. Imports in rolls or sheets increased from 235 million rials in 1962-63 to 639 million rials in 1967-68. Next in importance was wrapping paper imports of which increased from 191 million rials to 1414 million rials. There was a slight increase in the quantity of newsprint imported in 1967-68. Imports of paper glossed, coated, oiled, waxed, varnished or coloured in rolls or sheets increased from 54 million rials to 105 million rials.

Imports of cardboard and paper of all kinds together increased from 800 million rials in 1962-63 to 1.5 billion rials in 1967-68.

Sources of imports for all kinds of cardboards in 1962-63, 1966-67 and 1967-68 are as under:

Source-wise Import of Cardboard

Country	1962-63		1966-67		1967-68	
	Value (Mill. rials)	%age share	Value (Mill. rials)	%age share	Value (Mill. rials)	%age share
W.Germany	1.294	4.22	2.353	6.22	3.844	8.62
Austria	4.125	13.46	3.263	8.63	2.416	5.42
Finland	2.267	7.40	16.786	44.38	13.549	30.37
Norway	0.816	2.66	0.976	2.58	6.168	13.83
Sweden	4.054	13.23	0.706	1.87	5.262	11.80
Greece	-	-	5.524	14.60	3.605	8.08
U.K.	3.796	12.39	4.140	10.95	3.810	8.54
Belgium	-	-	-	-	1.729	3.88
Japan	-	-	0.295	0.78	1.529	3.43
India	-	-	-	-	-	-
USA	3.839	12.53	1.140	3.01	0.867	1.94
Other countries	10.455	34.11	2.641	6.98	1.831	4.10
Total	30.846	100.00	37.824	100.00	44.610	100.00

Major suppliers of cardboards were Finland, Norway, Sweden and West Germany. Shares of these countries in 1967-68 were 30.37 per cent, 13.83 per cent, 11.80 per cent and 8.62 per cent respectively.

India so far has not supplied any type of cardboard to Iran.

Wrapping paper

Sources of supply of wrapping paper to Iran along with their respective shares are indicated in the table below:

Source-wise Import of Wrapping Paper

Country	1962-63		1966-67		1967-68	
	Value (Mill. rials)	%age share	Value (Mill. rials)	%age share	Value (Mill. rials)	%age share
USA	65.774	34.51	133.081	40.55	221.366	53.48
Finland	29.633	15.55	46.165	14.07	61.683	14.90
Austria	16.837	8.83	23.905	7.28	42.166	10.19
Sweden	14.877	7.80	24.811	7.56	29.187	7.05
USSR	14.119	7.41	16.376	4.99	13.901	3.36
Italy	10.252	5.38	29.897	9.11	12.149	2.94
W.Germany	5.804	3.04	4.076	1.24	7.823	1.89
South Africa	-	-	9.239	2.82	7.070	1.71
Rumania	-	-	2.863	0.87	4.508	1.09
Norway	12.666	6.64	14.584	4.44	4.482	1.08
Yugoslavia	6.372	3.34	6.996	2.13	1.798	0.43
Netherlands	3.526	1.85	0.278	0.08	1.705	0.41
U.K.	2.199	1.15	3.401	1.04	1.460	0.35
Hungary	-	-	-	-	1.071	0.26
Czechoslovakia	0.400	0.21	1.516	0.46	1.011	0.24
C.China	-	-	9.962	3.04	0.971	0.23
India	0.082	0.04	-	-	-	-
Poland	4.083	2.14	-	-	-	-
Australia	1.896	0.99	-	-	-	-
Other countries	4.079	2.14	1.053	0.32	1.505	0.36
Total	190.619	100.00	328.203	100.00	413.856	100.00

U.S.A.'s share in wrapping paper increased from 35 per cent in 1962-63 to nearly 54 per cent in 1967-68. Finland and Austria were other important suppliers of wrapping paper to Iran. U.S.A., Finland and Austria together accounted for 79 per cent of total imports of wrapping paper in 1967-68. India supplied negligible quantities in 1962-63 and did not figure at all in 1966-67 or 1967-68.

Felt Paper

Sources of imports for paper felt, paper made of several layers and paper made of several sheets, coloured or not and weighing in excess of 35 grams per square metre in 1962-63, 1966-67 and 1967-68 are as under:

Import of Paper - source-wise

Country	1962-63		1966-67		1967-68	
	Value (Mill. rials)	%age share	Value (Mill. rials)	%age share	Value (Mill. rials)	%age share
Finland	29.422	42.55	55.162	38.12	57.330	40.71
Sweden	18.139	26.24	33.078	22.86	21.678	15.39
Norway	4.889	7.07	9.723	6.72	14.947	10.61
U.K.	3.448	4.99	4.348	3.00	14.870	10.56
Italy	0.842	1.22	7.987	5.52	10.590	7.52
Belgium	0.022	0.03	-	-	4.184	2.97
Netherlands	2.202	3.18	0.449	0.31	4.613	3.28
Austria	3.556	5.14	23.771	16.43	4.579	3.25
Yugoslavia	4.037	5.84	2.342	1.62	2.486	1.77
U.S.A.	1.954	2.83	0.845	0.58	1.800	1.28
France	0.027	0.04	-	-	1.933	1.37
India	-	-	-	-	-	-
Other countries	600	0.87	6.999	4.84	1.817	1.29
Total	69.138	100.00	144.704	100.00	140.827	100.00

Major suppliers of felt-paper, paper made of several layers and sheets weighing in excess of 35 gms. per square metre in 1967-68 were Finland, Sweden, Norway and the U.K. These countries together accounted for 77 per cent of the total imports. India did not supply this variety of paper.

Principal sources of supply of other paper(coloured, white, in rolls or sheets) weighing in excess of 35 grams per square metre are indicated in table 34. Main suppliers were Yugoslavia, Finland and Japan. Yugoslavia emerged as the biggest supplier in 1967-68. Shares of Yugoslavia, Finland and Japan in 1967-68 were 28.16 per cent, 12.89 per cent and 11.0 per cent respectively.

India did not figure in 1962-63 but in 1966-67 its share was valued at 13 million rials out of a total of 564 million rials i.e. 2.36 per cent. India's share though in value terms,increased in 1967-68 over 1966-67 level, relatively declined from 2.36 per cent to 2.22 per cent in 1967-68.

Since there is no local production and local demand is met by imports, customs duties and commercial benefit tax are not high. Except for cigarette paper import of which is unauthorised, importation of all other types of cardboard and paper is authorised. The customs duty and commercial benefit tax (CBT) on various types of cardboard and paper is given in table 35.

Demand Projections

At the time of the visit, it was learnt that Iran's Fourth Plan included establishment of a paper mill in the private sector. However, no details were available about the proposed plant capacity or product-mix. A total investment of 35 billion rials (40 million dollars) is allocated for education and manpower training programmes of which about 10 million rials would go for capital and construction costs. Current expenditure is anticipated to be of the order of about 30 million dollars. The educational programmes would train more than a million boys and girls in various technical institutions, schools, colleges and universities and vocational centres. Demand for paper on this account is anticipated to go up, especially for writing and printing varieties, substantially over existing levels in 1968-69. With rise in industrial output, demand for wrapping and packaging paper is also anticipated to go up by about 60 per cent. These estimates made as a result of discussions with officials and trade can be taken as tentative indicators of future change in demand. Also it is learnt that Iranians would welcome flow of private capital for manufacture of paper and paper boards. As there are numerous varieties of paper and paper products, no specific recommendation can be made in regard to any particular type of product, even though there is a substantial market. However, it is hazarded that Iran would continue to import for some time to come writing paper as well as wrapping paper. Consumption of newsprint is not high as the circulation levels of many of the newspapers are less than 100,000. Indian manufacturers may study the market more carefully than in the past. However, quality of paper that is used in Iran is of a very high grade and it is wondered whether India is in a position to supply this high grade paper. If the anticipated paper mill were to come into existence, the Government of Iran would impose quantitative restrictions on import of paper and the quantum of imports may decrease rapidly.

Cotton Yarn & Thread

Iran produces sizeable quantities of raw cotton and also exports it to some countries. Since cotton produced locally is of a short-staple variety, she has also to import some quantities of superior cotton. Apparent consumption of cotton yarn in Iran in 1967-68 is given below:

(In tonnes)

Local production	Imports	Exports	Apparent consumption
400,000	200	82,000	318,200

With the materialisation of plans for energisation and expansion of production of long staple cotton, it is possible that Iran may be able to stop altogether import of long staple cotton by 1971-72. Source-wise imports of cotton yarn and thread in 1962-63, 1966-67 and 1967-68 are indicated in table 36.

Iran imported cotton yarn and thread worth 112,951, 57.236 and 46.717 million rials in 1962-63, 1966-67 and 1967-68 respectively. Thus there has been a sudden slowing down of imports since 1962-63, due to rising domestic production. Main suppliers were West Germany, Yugoslavia, Italy, Japan, Czechoslovakia, the U.S.A., the U.K., the U.S.S.R., Portugal and Poland. India's share is very negligible.

With domestic production geared to meet demand of the cotton textile industry, prospects increasing India's exports of cotton yearn and thread are very dim. Additionally, imports of cotton thread or yarn into Iran is unauthorised except in case of plain twisted yarn for which prior approval of the Ministry of Economy is necessary. It is said that Iranian authorities allow these marginal imports to stabilise domestic prices of cotton yarn.

Textile Fabrics

Iran produces large quantities of cotton textiles. Its cotton textile industry consists of 21 composite mills and a host of handlooms operated as cottage industry. These units use mostly locally produced cotton. Production of cotton fabrics in 1967-68 in Iran is placed at 300 million metres and 1968-69 estimated production is expected to reach a level of 450 million metres. Import of cotton fabrics in 1962-63, 1966-67 and 1967-68 are given in table 37.

Import figures would reveal that Iran had drastically reduced its imports from 1962-63 level of 236.196 million rials to a mere 54.576 million rials in 1967-68. Imports are concentrated in certain varieties which Iran does not, at the moment, produce.

Iran exports a sizeable quantities of cotton textiles to neighbouring countries, especially Afghanistan. In 1968-69 exports of cotton textiles from Iran are estimated at 600,000 metres while imports are placed at less than 2 million metres.

Major varieties of cotton textiles imported into Iran in 1967-68 are bleached cotton fabrics, cotton ribbons and cotton trimmings. Major supplier was Japan. Imports from India in 1967-68 were very negligible.

Discussions with Government officials, trade and planning authorities reveal that Iran is hoping to become completely self-sufficient in textile fabrics and yarn and has also planned to export sizeable quantities. It may continue to import insignificant quantities of textiles for specific purposes. The local cotton textile industry if protected through high customs duty and commercial benefit tax. Imports of any item under cotton textiles need prior permission(import licence) of the Ministry of Economy. Hence it is concluded that prospects for Indian textiles are rather dim.

Items of Export Interest to Iran

Apart from oil, Iran is eager to increase the exports of its other products, particularly, copper, liquid ammonia, fertilizers, dry fruits, saffron, crude petroleum and petroleum chemicals(intermediate and finished). Wherever possible Iran prefers to put these items in the trade agreements. One of the ways of increasing trade with Iran, therefore, is taking interest in import of these products. India could consider importing some of these items from Iran, if these fit in India's own import programme.

Chapter 7

JOINT VENTURES AND SERVICE CONTRACTS

Iran lays great emphasis on joint ventures as means to rapid industrialisation. Joint ventures bring not only the scarce factor capital but also essential technology and skills needed for production. The Iranian Government welcomes foreign capital by providing tax incentives and other facilities.

At present there are 31 U.S., 10 British, 20 West German, 7 Dutch, 5 Danish, 7 French, 3 Italian, 2 Indian and 2 Japanese firms which have established production facilities in Iran for manufacture of various industrial goods[1/]. In addition to these,

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[1/] The commodities manufactured by these companies are the following - (a) Sera and patental solutions; tyres and tubes; organic fertilizers; sulpher, LPG; pharmaceuticals; creams, shampoos; animal feeds, portable power items; light structurals; barite; alternators for automobiles; yeast; zinc sheet glass; pumps batteries; trucks; nylon; petrochemicals; oil refining; aluminium ingots; room heaters; assembling of motor-cars and trucks, jeeps, diesel engines; copper; Radio and T.V.assembly; electrical bulbs; gas ranges; paints; water meters 3 and 5 cm; transformers; telephone parts and sets; rain meters; pesticides; cleaning machines; bricks and tiles; copper sheets; sodium silicate detergent; hotel services, tractors and cars;. cables; automobile spares; bicycles, motor cycles and parts; vacuum bottles and fluorescent lamps.

Australian, Swedish, Israeli and Belgian companies also have production units in Iran. Total number of joint ventures in Iran in 1968 was 95. A large part of investments have gone into oil refining, petrochemicals, rubber products and pharmaceuticals. The Government of Iran has prescribed under law that foreign collaborator can invest up to 49 per cent of the capital but he may retain control of management. The U.S. investments presently estimated at $ 300 million (1968), are anticipated to exceed a billion dollars during the next decade when all present schemes are implemented. The largest fertilizer complex in the eastern hemisphere is nearing completion at Shahpur. To assure herself of a stable market for fertilizers, Iran is collaborating in half a dozen countries in setting up ammonia conversion plants. Similar arrangements are also being made in construction of oil refining capacity.

Regulations concerning joint ventures

1. Foreign firms setting up plants should be registered in Iran as Iranian firms.

2. Capital invested by collaborator should not exceed 49 per cent of total.

3. No foreign firm can open branches without permission from requisite authority.

4. Collaborator can transfer his capital and profits after giving notice of atleast 3 months. However, he should leave atleast 10 per cent of total amount of original capital in Iran for six months as security for his probable obligations in Iran.

5. Trade mark and patent rights of foreign companies are protected in Iranian territory "if the country where the said firm is established originally affords such protection to Iranian trade marks". Iran is a member of BIRPI (United International Bureau for Protection of Intellectual Property).

6. Tax exemptions

(a) Five to hundred per cent exemption from taxes for five year period, determined by importance, nature, and geographical location of industry is given to new industries. If enterprises are located away from principal cities, 20 to 100 per cent exemption in taxes is given for ten years.

(b) Profits from exports of goods are exempted from tax for five years (only for some industries). Profits from hotels and motels is hundred per cent exempt for five years from the date of establishment and 75 per cent for five years if they are located within 75 miles from Tehran.

(c) All incomes from irrigation projects and dams are exempted from taxes for 10 years. Import of capital goods and raw materials for production of exports are completely free from customs duty. Industries can also apply for tariff protection as well as for prohibition of imports if the industry is in a position to feed the entire Iranian market.

Indian Ventures

Presently two Indian firms are operating in Iran - Kamani Metal Alloys Ltd., and Mahindra and Mahindra Ltd., The former are manufacturing copper sheets while the latter manufacture authomobile spares and parts. It is learnt that Kirloskars have applied for setting up a plant for manufacture of diesel engines.

As mentioned earlier Iran is installing large capacities in petrochemicals and metallurgical industries like alluminium and copper. They are anxious to secure stable markets for their products. As they are investing large funds in various industries, import requirements of iron would be of the order of two billion dollars by the end of the Fourth Plan. These imports can be secured by Iran only when she attains a high level of exports and secures foreign loans. The high level of exports for new industries can only be attained if products are competitive. As industries are new, the competition these new industries are likely to face would be stiff and they may not be able to sell their products. Hence the attempt to secure stable markets through long term bilaterial agreements and through joint ventures in which the collaborator accepts the responsibility for marketing a share of Iranian production. The National Iranian Oil Company is participating in setting up the Madras Refinery and the Oil and Natural Gas Commission is collaborating with IMINDCO (Iran) for the exploration of oil in off-shore areas of Persian Gulf. The National Industrial Development Corporation of India is assisting the Government of Iran in setting up a similar organisation.

Joint Ventures Under Consideration

Some of the joint venture schemes that came up for consideration in recent years are the following:

(a) Tata proposal to set up a plant for manufacture of soda ash;

(b) Tata proposal to set up a 100,000 ton capacity steel rolling mill;

(c) Jay Engineering Co.'s proposal for setting up a plant for the manufacture of sewing machines;

(d) Kirloskar's proposal for setting up a plant for manufacture of diesel pumping sets and engines;

(e) Further Indian initiative in oil exploration;

(f) Iran's proposal to collaborate with India in setting up Mithapur (Tatas) fertiliser and chemical complex;

(g) Iran's proposal inviting India's participation in RCD (Regional Cooperation for Development) alluminium smelter project at Ark through supply of alumina.

The first four proposals are in various stages of negotiation between these companies and Iranian partners. With regard to Kirloskar proposal, it is learnt that the Government of Iran welcomes the setting up of such a plant but has not agreed to pay royalties at the level demanded by Kirloskars. Discussions with concerned officials reveal that the Iranians are disappointed at the lack of interest in India for Indo-Iranian projects.

In the case of aluminium project, Iranians hoped that India would supply alumina and take some aluminium ingots. This is a prestigious project for Iran and Indian participation would earn its good will. Also a plant of that size becoming dependent on Indian raw material supplies for its production would pave the way for a larger trade.

Schemes for producing alumina in India would leave a surplus of alumina to a certain extent till smelter capacities are established. Instead of an outright rejection of aluminium ingots as a payment for alumina supplied, the Government of India would have done better by proposing to Iran a mixed bag like aluminium, sulphur, copper, zinc and fertilizers. This offer could also include a provision for reducing aluminium ingot purchases over a period of time. Though Iran is intensely desirous of setting up this factory, it is apprehensive about its ability to market the planned production. India by helping Iran in realising a cherished objective could earn gratitude and use this as a lever for increasing its exports as well as for securing non-ferrous metal supplies at a concessional rate. The team felt that Iran is likely to accept a mixed bag (non-ferrous and petro-chemical and aluminium ingot) proposal in return for alumina supplies. Also Iran is anxious to participate in Mithapur project to dispose of its surplus ammonia.

In 1967-68, Iran accounted for about 14 per cent of India's iron and steel exports. Even after all iron and steel projects contemplated were to come into existence. Iran would still be importing a million tonnes of iron and steel products after 1977. Indian participation in Iranian projects and acceptance of imports from Iran would give India a special position in Iranian foreign trade. This would assure Iranians that India is genuinely interested in developing their economy. With such good-will, it will be easier for India to persuade Iran to lift larger quantities of India's industrial products.

Iran welcomes Indian collaboration and participation in the following fields - (a) petro-chemical, (b) shipping services, (c) furnishing materials, (d) light or heavy metal work manufactures, (e) light agricultural manufactures, (f) bicycles and parts and (g) fishing.

Conclusion

To sum up, possibilities for Indo-Iranian collaboration in trade and industrial development are extremely good. Iran is aware of the stupendous development task ahead. It is fully conscious of the difficulties in marketing its new products. To avoid serious balances of payments difficulties, it is utilising its barter agreements as a hedge. But the Iran's import trade is expanding at a tremendous rate. "People desirous of getting a share of this huge Iranian import market" Iranians argue, "should help Iran in maintaining this market".

TABLES AND APPENDICES

Table 1

GROSS DOMESTIC PRODUCT AT CONSTANT PRICES
(1965)

(Billion rials)

Sectors 1	1961 2	1965 3
Agriculture, Livestock, Fishing, Forestry	106.0	113.3
Mining	1.6	2.6
Oil	58.0	84.7
Industry	36.0	51.7
Construction	22.0	27.9
Water & Electricity	2.4	4.3
Transportation	24.0	28.7
Communication	1.0	1.2
Commerce	43.0	48.9
Banking, Insurance	9.0	12.0
Ownership of Dwellings	20.0	24.1
Services		
Public Services	31.0	50.1
Private Services	19.0	22.6
G.D.P. at Factor Cost (Constant prices of 1965)	373.0	472.1

(Contd......)

Table 1 (Contd....)

Sectors	1968	Percentage change from 1961 to 1968
1	4	5
Agriculture, Livestock, Fishing, Forestry	132.1	24
Mining	3.5	118
Oil	131.6	127
Industry	74.4	106
Construction	39.7	80
Water & Electricity	8.0	233
Transportation	35.8	48
Communication	1.8	80
Commerce	65.0	51
Banking, Insurance	15.7	74
Ownership of Dwellings	28.5	42
Services		
Public Services	66.8	115
Private Services	27.5	89
G.D.P. at Factor Cost (Constant prices of 1965)	630.4	69

Source:- Ministry of Economy-Director of Statistics.

Table 2

DISTRIBUTION OF GROSS NATIONAL PRODUCTS

(Billion rials)

	1961	1962	1963	1964	1965
1	2	3	4	5	6
Gross capital formation	55 (15%)	46 (12%)	51 (12.7%)	65 (15.4%)	80 (17.1%)
Private consumption	242 (65.4%)	256 (67.4%)	266 (63.3%)	268 (63.4%)	283 (60.7%)
Public consumption	73 (19.6%)	78 (20.6%)	85 (21.0%)	90 (21.2%)	104 (22.2%)
Gross National product at market price (at constant prices 1965)	370 (100%)	380 (100%)	402 (100%)	423 (100%)	467 (100%)

(Contd........)

Table 2 (contd.....)

	1966	1967	1968	Percentage charge of 1968 over 1961
1	7	8	9	10
Gross capital formation	90	108	124	-
	(17.6)	(19.0)	(20.0)	(125)
Private consumption	307	319	348	-
	(60.1)	(56.3)	(55.8)	(43.8)
Public consumption	114	140	151	
	(22.3)	(24.7)	(24.2)	(106.8)
Gross Nationa Product at market price	511	567	623	
(at constant prices 1965)	(100)	(100)	(100)	(68.4)

Note: Figures in brackets are percentages

Sources:- Ministry of Economy-Directorate of Statistics

Table 3

DOMESTIC PRODUCTION, IMPORTS & TOTAL DEMAND OF CERTAIN SELECTED COMMODITIES 1965-1977

(Billion rials)

Sector		1965	1967	1972	1974	1977
Food processed, Beverages & Tobacco	D	53.9	62.7	94.4	108.9	136.8
	P	49.0	57.0	87.5	100.8	126.9
	M	4.9	5.7	6.9	8.1	9.8
Textile & Wearing Apparel	D	42.5	46.9	68.3	80.9	101.9
	P	36.2	39.5	62.3	73.8	93.0
	M	6.3	7.4	6.0	7.0	8.9
Leather and Leather Products	D	2.2	2.4	3.2	2.6	4.2
	P	2.1	2.3	2.9	3.2	3.8
	M	0.1	0.1	0.3	0.4	0.4
Wood products & Furniture	D	10.2	12.9	23.8	29.1	38.9
	P	9.6	12.0	18.6	23.7	31.4
	M	0.6	0.9	5.0	5.4	7.5
Rubber products	D	4.0	5.1	9.4	10.6	14.5
	P	2.6	3.3	7.4	9.2	12.6
	M	1.4	1.8	2.0	1.4	1.9
Paper and printing	D	5.6	7.5	14.0	14.5	24.3
	P	4.5	5.7	11.8	12.6	20.4
	M	1.1	1.8	2.2	1.9	3.4
Chemicals and Petro-chemicals	D	19.3	25.0	64.9	83.0	114.3
	P	10.5	13.4	47.0	63.3	85.8
	M	8.8	11.5	17.9	19.7	28.5
Non-metallic mineral products	D	8.9	11.7	22.6	29.3	40.9
	P	7.8	10.3	19.6	25.1	35.1
	M	1.1	1.4	3.0	4.2	5.8

(Contd.....)

(Table 3 contd.....)

Sector		1965	1967	1972	1974	1977
Basic Metals	D	10.5	13.8	32.7	43.6	60.4
	P	2.1	2.8	15.9	37.6	55.0
	M	8.4	11.0	16.8	6.0	5.4
Metal Products	D	19.5	25.6	53.4	68.6	95.6
	P	13.6	17.9	36.3	46.6	64.9
	M	5.9	7.7	17.1	20.0	30.7
Machinery & Electrical Equipment	D	21.0	27.2	66.0	85.2	118.8
	P	4.4	5.4	21.3	33.6	44.6
	M	16.6	21.8	44.7	51.6	74.8
Other Manufactures	D	3.3	4.1	7.2	8.8	11.7
	P	1.9	2.2	3.6	4.5	6.0
	M	1.4	1.9	3.6	4.3	5.7
	D	220.5	270.2	506.0	628.2	844.5
	P	156.1	187.8	374.6	490.1	651.4
	M	64.4	82.4	131.4	138.1	193.1

D = Total demand

P = Local production

M = Imports

Table 4

LIST OF INDUSTRIAL PLANTS - YEAR OF PRODUCTION, YEAR OF FULL CAPACITY PRODUCTION AND IMPORT CONTENT

Industry and location	Year of production	Full Capacity production year	Import content (in value of output) percentage
1	2	3	4
1. Heavy Metallurgical plant at Ark-30,000 tonnes (Public Sector)	1971	1972	10.0
2. Machine Tool Plant at Tabriz-Public Sector			
(a) Turbines	1974	1978 (27,000 tonnes a year)	40.0 in 1974 20.0 in 1978
3. Diesel Engines (Private)	1970	1972 (4,000 units - 24-230 HP)	80.0 in 1970 40.0 in 1972 20.0 in 1974
4. Diesel (automotive) (Private)	1971	1972 (20,000 units - 30-240 HP)	80.0 in 1971 70.0 in 1972 40.0 in 1974 25.0 in 1976
5. Gasoline Engines	1972	1975 (20,000 units)	60.0 in 1972 25.0 in 1977

(Contd........)

Table 4 contd.....)

Industry and location	Year of Production	Full Capacity Production year	Import content (in value of output) percentage
1	2	3	4
6. Compressors for Refrigerators (private)	1969	1975 (100,000 units)	30.0 in 1972
7. Telephones (Public)		1972 (45,000 telephone receivers & 30,000 switch boards)	60.0 in 1972 25.0 in 1977
8. Rail wagons (Public)	1974	- (10,000 units)	-
9. Bicycles (public)	1972	1974 (100,000 units)	-
10. Ship Building	1974	1977 (10-2500 tonnes 1-15,000 tonnes)	

Table 5

IMPORTS - COMMODITYWISE

(Million $)

	1962-63		1966-67		1967-68	
	Value	%age	Value	%age	Value	%age
Machinery & Components	98.7	18.0	218.3	22.7	289.8	24.03
Iron & ironware	59.5	10.9	108.4	11.2	186.1	15.43
Chemicals & Pharmaceuticals	50.2	9.2	82.5	8.6	95.7	7.94
Sugar	14.9	2.7	17.3	1.8	12.8	1.06
Wheat	15.5	2.8	15.9	1.7	4.4	0.36
Machinery & Elec. appliances	39.3	7.2	66.0	6.8	84.0	6.97
Passenger & sport cars	4.9	0.9	22.7	2.4	20.5	1.70
Fats & oils	11.9	2.2	29.1	3.0	27.7	2.30
Paper, cardboard and related products	13.8	2.5	23.0	2.4	22.4	1.86
Tanning & dyeing extracts, dyestuff and polish	9.8	1.8	15.5	1.6	18.6	1.54
Woollens, woollen yarn & hemp yarns	9.1	1.7	11.7	1.2	13.0	1.08
Tyres & tubes	15.1	2.7	15.5	1.6	11.1	0.92
Tea	9.8	1.3	11.1	1.1	8.9	0.74
Vehicle parts & accessories	8.6	1.6	12.0	1.2	14.2	1.18
Glass & glassware	4.5	0.8	5.4	0.6	8.1	0.68
Fabrics & artificial silks	17.6	3.2	0.7	0.1	0.8	neg.
Miscellaneous	164.4	30.0	307.6	32.0	387.9	32.16
Total	548.0	100.0	963.0	100.0	1206.0	100.0

Table 6

IMPORTS - SOURCEWISE

(Million US Dollars)

Countries of Origin	1962-63		1966-67		1967-68	
	Value	Percentage	Value	Percentage	Value	Percentage
U.S.A.	104.72	18.74	193.560	19.71	215.265	17.86
U.K.	103.76	18.57	124.122	12.64	141.283	11.72
W. Germany	99.08	17.73	210.218	21.41	278.854	23.12
Italy	31.42	5.62	49.257	5.02	60.935	5.05
Japan	30.68	5.40	74.424	7.58	92.870	7.70
Netherlands	28.56	5.10	31.155	3.17	48.799	4.05
France	24.45	4.38	39.386	4.01	65.884	5.46
Belgium	16.29	2.92	15.799	1.61	20.037	1.66
U.S.S.R.	14.37	2.57	29.210	2.97	33.672	2.79
India	11.37	2.04	18.062	1.84	22.919	1.90
Switzerland	9.87	1.76	18.632	1.90	21.808	1.81
Sweden	5.63	1.17	12.381	1.26	14.433	1.20
Austria	6.18	1.11	14.093	1.44	17.399	1.44
N.A.China	5.00	0.90	6.819	0.69	6.685	0.55
Israel	4.78	0.86	7.405	0.77	9.260	0.77
Czech.	4.64	0.83	7.759	0.79	13.605	1.13
Australia	4.63	0.83	12.246	1.25	9.568	0.79
Denmark	3.61	0.65	9.724	0.99	10.066	0.83
Yugoslavia	1.634	0.29	10.501	1.07	11.388	0.94
Poland	3.020	0.54	7.455	0.76	4.894	0.41
Rumania	0.416	0.07	7.163	0.73	13.876	1.15
C.China	neg.	neg.	12.594	1.28	4.116	0.34
Ceylon	2.733	0.49	6.645	0.68	4.486	0.37
Oman	2.052	0.37	2.217	0.23	7.452	0.65
Hungary	2.557	0.46	4.172	0.42	7.202	0.60
Kuwait	3.272	0.59	5.315	0.54	6.410	0.53
Argentina	neg.	0.01	neg.	0.01	4.713	0.39
Finland	3.504	0.63	4.102	0.42	4.646	0.38
Other countries	29.527	5.28	47.271	4.81	53.087	4.40
All countries	548.00	100.00	963.00	100.00	1206.00	100.00

Table 7

EXPORTS

(Million dollar)

Type of Commodity	1965-66		1966-67		1967-68	
	Value	%	Value	%	Value	%
Hand woven carpets	45.408	25.12	42.508	26.98	49.575	27.28
Cotton	50.103	27.72	28.325	18.30	37.943	20.87
Fresh & dried fruits	22.950	12.70	19.909	12.64	21.416	11.78
Various kinds of leather & related products	10.134	5.61	14.415	9.15	11.920	6.56
Metalic ores	10.754	5.95	9.270	5.88	7.021	3.86
Cumin & caraway seeds	1.939	1.07	4.435	2.82	2.978	1.64
Various kinds of gums	3.819	2.11	4.263	2.71	3.476	1.91
Caviar	3.676	2.03	3.841	2.44	4.122	2.27
Various kinds of scums & refuse	2.773	1.53	2.996	1.90	1.675	0.92
Wool & Woollen articles	1.593	0.88	1.843	1.17	0.972	0.53
Wool, coloun & hair	2.684	1.48	2.702	1.72	3.158	1.74
Medicinal & industrial seeds & herbs	1.011	0.56	1.685	1.07	1.403	0.77
Various kinds of jutes	1.345	0.74	1.628	1.03	1.976	1.09
Cement	1.569	0.87	1.005	0.64	0.831	0.46
Other commodities	21.020	11.63	18.202	11.55	33.297	18.32
Total of Exports (excluding oil)	180 775	100.00	157.529	100.00	181.764	100.00
Exports of oil materials	1183.849	86.40	1221.831	88.22	1775.510	90.54
Hydro carbon solvents, obtained from oil	5.655	0.41	5.664	0.41	3.840	0.19
Exports excl. oil	130.775	13.19	157.529	11.37	181.764	9.27
Total Exports (including oil	1370.279	100.00	1385.044	100.00	/ 1961.114	100.00

Table 8

PRODUCTION CAPACITY,PRODUCT MIX AND EXPORTS POTENTIAL OF PETRO-CHEMICAL PLANTS

Name of the Plant	Commencement of production	Full capacity	Product mix and capacity	Exportable capacity
Ist stage				
Shahpur	1969	1972	Sulpher =350,000 tonnes Phosphate fertilizer =110,000 tonnes Urea =165,000 tonnes Ammonia =200,000 " Phosphoric acid = 80,000 "	90% of the production will be exported
Abadan	-	-	PVC = 20,000 tonnes DDB = 10,000 " Caustic soda=24,000 "	--do---
Kharg	-	-	Sulpher = 198,000 " LPG = 5000 BBL per day	
Ahwaz	1971	1972	Carbon black = 15,000 tonnes	75%
2nd stage				
Abadan	1969	1972	TEL & TML =10,000 tonnes Mythanol=200,000 "	75%

contd.....

(Table 8 contd......)

Name of the Plant	Commencement of production	Full Capacity	Product mix and capacity	Exportable capacity
Shahpur	1970	1974	Ethylene = 454,000 tonnes	90%
			Propylene= 144,000 "	
			Bentadiene =40,000 "	
			Benzene =60,000 "	
Abadan	1970	1974	Isoprene = 60,000 "	90%
Aromatics:	-	-	Benzene = 150,000 "	90% of the production for export
			Toluene = 50,000 "	
			Light benzene = 50,000 "	
			Other light=60,000 "	
Shahpur	-	-	Caprolactan=20,000 "	50% for export
			Ammonium sulphate =86,000 "	
	1970	1974	Carbon sulphide= 10,000 "	
	1972	1974	SBR =12,000 "	

Table 9

DIRECTION OF TRADE

(Million US $)

Country of Destination	1962-63		1967-68	
	Value	%	Value	%
Japan	71.402	7.71	558.074	28.46
U.K.	149.427	16.13	434.355	22.15
Union of S.Africa	72.901	7.87	81.332	4.15
India	81.394	8.79	78.755	4.02
U.S.A.	40.808	4.41	70.476	3.59
W. Germany	98.802	10.67	60.014	3.06
Italy	13.501	1.46	55.771	2.84
Aden	21.447	2.32	47.951	2.44
Belgium	15.057	1.63	45.544	2.32
Pakistan	26.837	2.90	42.498	2.18
France	21.253	2.30	42.498	2.17
Netherlands	35.315	3.81	41.805	2.13
Singapore	10.505	1.13	35.066	1.79
Canada	29.583	3.19	32.254	1.64
USSR	17.741	1.92	30.007	1.53
Australia	44.003	4.75	29.592	1.51
S. Korea	0.022	Neg.	17.674	0.90
Malaysia	0.420	0.05	14.433	0.43
Hong-Kong	4.552	0.49	13.117	0.67
Oman	3.364	0.36	11.125	0.57
Sudan	7.879	0.85	11.012	0.56
Kuwait	3.710	0.40	9.883	0.50
Iraq	2.424	0.26	9.249	0.47
Other countries	153.623	16.60	188.613	9.62
Total	925.969	100.00	1961.114	100.00

Table 10

IMPORTS OF DIFFERENT ITEMS OF IRON & STEEL

Item	1962-63		1966-67		1967-68	
	Quantity (tonnes)	Value (Mill. Rials)	Quantity (tonnes)	Value (Mill. Rials)	Quantity (tonnes)	Value (Mill. Rials)
1	2	3	4	5	6	7
IRON STEEL						
Bars, rods, strips	19,176	168,139	51,827	440,115	54,301	444.987
Beams	101,568	835.739	231,849	1775.073	285,401	2,216.271
Bars Angles	28,412	251,972	36,825	305.228	47,493	405.270
Bars-Round, semiround	8,065	67.901	26,366	195.843	28,433	210.660
Bars-Triangular, square, hexagonal	9,735	106.959	10,965	96.725	9,639	98,915
Bars - Tee	NA	NA	4,328	38,899	9,172	84.547
Sections	777	11.733	4,140	67,276	1,255	29.054
Channels	NA	NA	18,004	147.944	19,037	156.739
Wire, not exceeding 0.5 mm diameter	243	3.184	273	6.923	480	8.282
Wire, with diameter of 0.5 m.m. to 10 m.m.	16,826	190.750	27,508	335.323	48,004	510.939
Sheets, semi finished	24,696	313.839	49,407	509,705	190,211	1,816.362
Steels, finished	25,785	295.120	80,170	833.566	114,097	1,186.835
Sheets, Galvanished, lead-coated	17,512	270.225	23,234	36.940	33,532	502.985
Tinsheets	10,339	152.116	27,402	381.782	22,530	325.657
Sheets, withcoating of metal	3,683	48.740	148	4.435	99	3.755
Sheets, enamelled varnished, lacquerred, painted etc.	1,386	20.427	915	13.281	828	12.334
Sheets, others	2,117	27.212	1,358	32.907	1,989	31.661
Hoops	1,778	333.909	6,760	94.228	9,531	107.248
	272,098		601,479		876,032	8,152.501

(contd...)

(Table 10 contd.......)

1	2	3	4	5	6	7
ALLOYED STEEL						
Blocks,ingots	3	0.264	-	-	33	1.394
Blooms, billets, flatbars	77	2.318	-	-	52	1.702
Bars	51	1.454	461	17.780	6,932	22.627
Wire	22	0.386	958	17.850	6,932	46.299
Sheets	59	1.505	2,251	32.455	27,0133	01.808
Hoops	83	1.739	301	4.646	541	15.241
						389.071
CAST IRON						
Piping	6.303	88.0661	11.462	203.024	6.019	116.812
Joints,pipe	1.787	39.924	1,013	37.033	1,680	44.536
	8,590		12.475		7.699	161.347
PIPES TUBES, IRON, STEEL						
Casings, well	6,245	124.746	16,009	212.180	38,023	635.155
Straight of uniform thickness not otherwise manufactured	49,266	968.961	51.969	1.123.30	190,212	3.418.023
Without not otherwise manufactured	4.718	87.420	6.617	108.879	6,879	89.175
Shaped	519	16.153	6.228	187.579	3,720	176.572
Varnished, enamelled	10.338	163.008	27.848	380.831	31,207	429.919
With lining, internal or external other than electric wire sheating	1.928	37.551	1.084	23.352	968	15.433
Oxidised	219	3.373	6.198	89.318	7,281	92.866
Mekelised, chrome	11	0.176	89	1.212	156	6.722
	73,313		116.042		278,446	4,863.865

(contd.....)

(Table 10 contd....)

1	2	3	4	5	6	7
IRON, STEEL PIPING OFSHEETING						
Seamless, welded, straight shaped, painted, unpainted	1,102	38.685	839	18.602	937	96.981
joints, bends, painted lacquerred	473	19.995	755	41.163	706	88.428
Oil painted, varnished enamelled	157	4.011	1	0.077	1	0.056
Joints, bends, oilpainted varnished, enamelled	1	0.495	5	1.757	4	0.687
With metal base coating	21	0.909	16	1.611	10	0.756
Joints, bends base metal coated	5	0.312	3	0.246	5	0.357
	1,758		1,619		1,663	187.265
JOINTS, FLANGES, I & S						
Joints, pipes, flanges, iron, steel	4,489	105.575	5,571	258.266	3,908	211.807
STRUCTURALS I & S						
Structurals manufacture parts, girdess, piles marguees, scaling towers, Roof sheeting, mobile doors etc. with or without fittings ir materials	13,465	411.039	18,628	576.571	26,909	786.564
Total	373,716		755,814		1,194,657	786.564 14,752.420

Table 11

IMPORTS OF IRON & STEEL BARS, RODS, & STRIPS

Country	1962-63		1966-67		1967-68	
	Value (Mill. rials)	Percentage share	Value (Mill. rials)	Percentage share	Value (Mill rials)	Percentage share
India	0.084	0.05	125.521	28.51	150.667	33.87
W. Germany	53.160	31.62	86.111	101.56	143.620	32.28
Italy	10.211	6.07	48.366	10.99	48.698	10.95
USSR	1.872	1.11	8.085	1.84	24.443	6.49
U.K.	27.371	16.28	33.235	7.55	13.234	2.97
Czechoslovakia	-	-	3.401	0.77	11.455	2.57
France	5.111	3.04	17.334	3.94	10.903	2.45
Belgium	59.354	35.30	26.612	6.05	9.568	1.93
Kuwait	0.762	0.45	10.014	2.28	6.912	1.55
Hungary	-	-	8.366	1.90	4.149	0.92
Austria	0.850	0.50	5.760	1.31	3.857	0.87
U.S.A.	4.869	2.90	8.437	1.92	1.971	0.44
Switzerland	-	-	-	-	1.894	0.44
Belgaria	-	-	9.047	0.06	1.932	0.43
Sweden	0.096	0.06	8.499	1.93	1.531	0.34
Yugoslavia	-	-	-	-	1.530	0.34
NA China	1.963	1.17	-	-	1.226	0.28
C. China	-	-	22.743	5.17	1.78	0.26
Other countries	2.436	1.45	18.584	4.22	7.219	1.62
Total	168.139	100.00	440.115	100.00	444.987	100.00

Source:- Foreign Trade Statistics of Iran.

Table 12

IMPORTS OF IRON STEEL BEAMS

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age Share	Value	%age Share	Value	%age Share
W. Germany	408.991	48.93	1,220.386	68.75	1,360.793	61.40
India	-	-	0.414	0.02	190.958	8.61
Czechoslovakia	-	-	126.611	7.13	118.362	5.34
Hungary	28.386	3.40	32.008	1.80	75.984	3.43
Austria	6.457	0.77	38.449	2.17	72.954	3.29
Yugoslavia	25.142	3.00	28.750	1.62	72.588	3.28
U.S.S.R.	9.917	1.19	36.305	2.05	67.514	3.05
Belgium	286.645	34.30	25.342	1.43	62.062	2.80
Luxemburg	15.520	1.86	80.612	4.54	60.641	2.74
France	34.695	4.15	95.533	5.38	52.420	2.37
U.K.	8.698	1.04	46.999	2.65	40.424	1.82
U.S.A.	0.567	0.07	0.390	0.02	10.614	0.48
Italy	1.076	0.13	12.408	0.70	9.522	0.43
Netherlands	1.312	0.16	14.546	0.82	7.195	0.32
Rumania	-	-	10.706	0.60	6.340	0.29
Poland	5.596	0.67	-	-	4.690	0.20
Other - countries	2.737	0.33	5.614	0.32	3.310	0.15
Total	835.739	100.00	1,775.073	100.00	2,216.271	100.00

Source: Foreign Trade Statistics of Iran.

Table 13

IMPORTS OF ROUND & SEMI-ROUND BARS, IRON AND STEEL

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age Share	Value	%age Share	Value	%age share
India	-	-	72.690	37.12	112.526	53.42
W. Germany	14.882	21.91	30.813	15.73	47.394	22.50
Italy	-	-	3.953	2.02	15.887	7.54
USSR	22.631	33.34	26.155	13.35	11.075	5.26
France	-	-	16.317	8.33	6.546	3.11
Austria	0.004	0.00	3.825	1.95	3.382	1.61
Rumania	-	-	10.249	5.23	2.843	1.35
Belgium	15.655	23.06	10.763	5.50	2.064	0.98
Bulgaria	-	-	2.005	1.02	2.02	0.96
Hungary	0.157	0.23	6.329	3.23	1.712	0.80
Sweden	1.034	1.52	-	-	0.907	0.43
Other countries	13.538	19.94	12.744	6.51	4.303	2.04
Total	67.901	100.00	195.843	100.00	210.660	100.00

Source: Foreign Trade Statistics of Iran.

Table 14

IMPORTS OF IRON STEEL WIRE (0.5 m.m. to 10.0 m.m. diameter)

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age Share	Value	%age Share	Value	%age Share
W. Germany	79.538	41.69	106.751	31.83	168.558	32.99
India	-	-	7.436	2.22	112.187	21.97
Belgium	36.869	19.33	52.169	15.56	64.770	12.69
Italy	1.029	0.54	12.760	3.81	25.184	4.93
U.K.	27.997	14.68	34.330	10.24	21.797	4.26
USSR	16.388	8.59	13.553	4.04	19.569	3.83
Yugoslavia	-	-	13.874	4.14	19.532	3.82
France	16.805	8.81	11.779	3.51	15.196	2.97
Kuwait	0.028	0.01	0.392	0.12	8.992	1.76
Netherlands	1.106	0.58	11.337	3.38	8.125	1.59
Hungary	-	-	4.904	1.46	7.647	1.50
Czechoslovakia	-	-	-	-	5.485	1.07
Japan	0.135	0.07	8.033	2.40	5.370	1.05
Poland	0.080	0.04	2.183	0.65	5.051	0.99
C. China	-	-	34.844	10.39	3.998	0.78
N.A. China	0.965	0.51	1.254	0.37	3.742	0.73
Bulgaria	-	-	7.008	2.09	3.635	0.71
USA	4.355	2.28	2.113	0.63	0.026	0.59
Austria	0.456	0.24	1.247	0.37	2.677	0.52
Other countries	4.999	2.62	9.356	2.79	6.398	1.25
Total	190.750	100.00	335.323	100.00	510.939	100.00

Source: Foreign Trade Statistics of Iran.

Table 15

IMPORTS OF SEMI-FINISHED SHEETS, IRON STEEL

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age Share	Value	%age Share	Value	%age Share
Netherlands	73.011	23.27	22.350	4.39	424.020	23.35
Japan	-	-	43.693	8.57	334.115	18.40
France	5.621	1.80	14.466	2.84	316.702	17.44
W. Germany	10.745	3.42	64.693	12.69	298.055	16.41
U.K.	193.367	61.62	215.350	42.25	257.396	14.17
Austria	-	-	14.541	2.85	43.655	2.40
Hungary	3.593	1.14	23.340	4.58	34.417	1.89
USSR	8.786	2.80	6.903	1.35	33.530	1.85
Czechoslovakia	-	-	19.111	3.75	22.716	1.25
Belgium	15.482	4.93	25.945	5.09	13.383	0.74
India	-	-	2.774	0.54	9.780	0.52
U.S.A.	1.047	0.33	15.886	3.12	6.883	0.38
Bulgaria	-	-	1.160	0.23	6.487	0.36
Italy	2.176	0.69	14.938	2.93	6.229	0.34
Luxemburg	-	-	22.509	4.42	5.699	0.31
Sweden	-	-	1.975	0.39	2.549	0.14
Other countries	0.011	-	0.071	0.01	0.746	0.04
Total	313.839	100.00	509.705	100.00	1816.362	100.00

Source: Foreign Trade Statistics of Iran.

Table 16

IMPORTS OF FINISHED SHEETS, IRON STEEL

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age Share	Value	%age Share	Value	%age Share
U.K.	64.324	21.79	429.787	51.56	507.284	42.74
W. Germany	66.989	82.79	66.367	7.96	211.341	17.82
Japan	3.377	1.14	92.245	11.07	125.015	10.53
Austria	8.844	3.00	36.663	4.40	67.284	5.67
Belgium	27.5544	9.16	15.421	1.85	60.721	5.12
Netherlands	50.554	17.13	33.607	4.03	48.109	4.05
Luxemburg	5.336	1.81	26.418	3.17	36.190	3.05
Hungary	0.433	0.15	23.902	2.87	28.022	3.36
Czechoslovakia	-	-	37.606	4.51	25.446	2.14
France	47.883	16.22	8.199	0.98	23.416	1.97
India	-	-	5.959	0.72	21.407	1.80
Italy	2.358	0.80	13.073	1.57	8.131	0.69
U.S.A.	5.628	1.91	3.205	0.38	7.845	0.66
USSR	3.706	1.26	31.274	3.75	5.714	0.48
Bulgaria	-	-	9.750	1.17	4.204	0.35
Sweden	1.923	0.65	0.086	0.01	4.035	0.34
Norway	3.481	1.18	-	-	2.173	0.18
Other countries	3.240	1.10	0.004	-	0.498	0.04
Total	295.120	100.00	833.566	100.00	1186.835	100.00

Source: Foreign Trade Statistics of Iran.

Table 17

IMPORTS OF IRON STEEL PIPES, TUBES (Straight of Uniform thickness, not otherwise manufactured).

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age Share	Value	%age Share	Value	%age Share
W. Germany	72.434	7.48	251.071	22.36	979.951	28.67
Japan	53.246	5.49	166.644	14.84	695.458	20.35
France	101.239	10.45	69.392	6.18	503.747	14.74
Italy	239.251	24.69	154.827	13.79	383.243	11.21
U.K.	192.363	19.85	113.605	10.12	304.505	8.91
U.S.A.	59.872	6.18	271.007	24.13	270.570	7.92
Netherlands	201.366	20.78	45.988	4.09	195.199	5.71
Belgium	35.215	3.63	11.707	1.04	44.856	1.31
India	-	-	15.659	1.39	11.423	0.33
Switzerland	-	-	5.769	0.51	9.914	0.29
Israel	1.432	0.15	6.910	0.62	8.759	0.26
U.S.	0.508	0.05	0.020	-	4.259	0.12
Sweden	2.396	0.25	0.436	0.04	1.451	0.04
Hungary	1.320	0.14	-	-	1.429	0.04
Czechoslovakia	0.06	-	0.659	0.06	1.028	0.03
Norway	3.225	0.33	0.382	0.03	-	-
Other countries	5.052	0.52	0.054	0.80	2.231	0.07
Total	968.961	100.00	1,123.130	100.00	3,418.023	100.00

Source: Foreign Trade Statistics of Iran.

Table 18

IMPORTS OF IRON STEEL TUBES, PIPES WITHOUT JOINTING (not otherwise manufactured)

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age Share	Value	%age Share	Value	%age Share
India	-	-	16.762	15.40	22.889	25.66
Italy	5.358	6.13	25.115	23.07	20.289	22.74
U.S.A.	7.830	8.96	7.511	6.90	8.353	9.36
France	17.268	19.75	1.217	1.12	6.790	7.61
U.K.	13.645	15.61	0.652	0.60	6.430	7.22
USSR	5.636	6.45	9.715	8.92	5.792	6.49
W. Germany	16.295	18.64	31.402	28.84	4.381	4.92
Hungary	-	-	0.980	0.90	4.316	4.84
Kuwait	0.104	0.12	0.551	0.51	2.824	3.18
Austria	1.620	1.85	Neg.	-	2.517	2.82
Japan	4.841	5.54	5.347	4.90	1.130	1.27
Czechoslovakia	-	-	-	-	0.687	0.77
Netherlands	3.177	3.63	0.360	0.33	0.907	1.02
Switzerland	-	-	2.052	1.88	0.535	0.60
Other countries	11.646	13.32	7.215	6.63	1.335	1.50
Total	87.420	100.00	108.879	100.00	89.175	100.00

Source: Foreign Trade Statistics of Iran.

Table 19

IMPORTS OF IRON STEEL PIPING
(Varnished, enamelled, smooth finished, with zinc bad or aluminium coating)

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age Share	Value	%age Share	Value	%age Share
India	-	-	70.021	18.39	158.489	36.86
Italy	15.736	9.65	199.681	52.43	130.818	30.43
W. Germany	57.810	35.47	17.558	4.61	56.939	13.24
U.S.A.	0.485	0.30	20.283	5.33	18.591	4.35
Japan	0.023	0.01	5.417	1.42	11.756	2.73
Netherlands	5.554	3.41	20.770	5.45	10.895	2.53
Portugal	-	-	8.433	2.20	10.742	2.50
France	28.548	17.52	5.619	1.48	9 .752	2.27
Luxemburg	0.527	0.32	11.866	3.12	9 .016	2.10
U.K.	24.000	14.72	0.515	0.14	3. 716	0.87
Hungary	0.968	0.59	-	-	2 .072	0.48
Denmark	0.340	0.21	0.734	0.19	2 .041	0.47
USSR	0.112	0.07	0.705	0.19	1 .615	0.38
Belgium	7.224	4.43	1.728	0.45	1. 552	0.36
Kuwait	-	-	-	-	1.208	0.28
Norway	20.338	12.48	0.708	0.19	-	-
Sweden	-	-	10.470	2.75	0 .197	0.05
Other countries	1.343	0.82	6.323	1.66	0 .375	0.09
Total	163.008	100.00	380.831	100.00	429.929	100.00

Source: Foreign Trade Statistics of Iran.

Table 20

IMPORTS OF IRON & STEEL FROM INDIA 1967-68

(Million rials)

Item	Total imports	India's share	India's share as per cent of total imports (Col.2)
I. IRON STEEL			
Bars, rods, strips	44 987	150.667	33.87
Beams	2,216.271	190.858	8.61
Bars Angles	406.270	19.976	4.93
Bars-round, semi-round	210.660	112.526	53.42
Bars Traingular square, Hexagonal	98.915	0.766	0.77
Bars - Tees	84.547	-	-
Sections	29.054	-	-
Channels	156.739	-	-
Wire, not exceeding 0.5 m.m. in diameter	8.282	0.480	5.79
Wire, with diameter of 0.5 m.m. to 10.0 m.m.	510.939	112.187	21.97
Sheets, semi-finished	1,816.362	9.780	0.52
Sheets, finished	1,186.835	21.407	1.80
Sheets, galvanised leadcoated	502.985	-	-
Tinsheets	325.657	-	-
Sheets with coating of metal	3.755	-	-
Sheets, enamelled, varnished, painted, lacquerred etc.	12.334	-	-
Sheets others	31.661	-	-
Hoops	107.248	-	-
Sub-Total I	8,152.501	618.647	7.59

(Contd...)

Table 20 contd....)

1	2	3	4
II. ALLOY STEEL			
Blocks, ingots	1.394	-	-
Blocks, billets, flat bars	1.702	0.93	
Bars	22.627	0.579	2.55
Wire	46.299	0.017	0.04
Sheets	301.808	-	-
Hoops	15.241	-	-
Sub-Total II	359.071	0.689	0.18
III. CAST IRON			
Piping	116.812	-	-
Joints, pipe	44.535	0.048	0.11
Sub-Total III	161.347	0.048	0.3
IV. PIPES, TUBES, IRON, STEEL			
Castings, well	635.155	1.393	0.22
Straight of uniform thickness not otherwise manufactured	3,418.023	11.423	0.33
Without jointing not otherwise manufactured	89.175	22.889	25.66
Shaped	176.572	0.901	0.52
Varnished, enamelled	429.919	158.489	36.86
With lining internal or external other than electric wire, sheathing.	15.433	4.015	26.02
Oxidised	92.866	28.868	31.08
Nickelised, chrome	6.722	-	-
Sub-Total IV	4,863.865	227.978	4.69

(Contd.......)

(Table 20 contd...)

1	2	3	4
V. IRON STEEL PIPING OF SHEETING			
Seamless, welded straight shaped painted, unpainted	96.981	0.449	0.46
Joints, Bonds, painted, lacquerred	88.428	-	-
Oil painted, varnished, enamelled	0.056	-	-
Joints, bonds, oil painted, varnished etc.	0.687	-	-
With metal base coating	0.756	-	-
Joints, bonds with base metal coating	0.357	-	-
Sub-Total V	187.265	0.449	0.24
Joints, flanges, iron steel	211.807	0.174	0.08
Structurals iron, steel	786.564	5.001	0.64
GRAND TOTAL	14,752.420	852.986	5.78

Source: Foreign Trade Statistics of Iran.

Table 21

PREVAILING CUSTOM DUTIES & COMMERCIAL BENEFIT TAX (CBT) FOR DIFFERENT ITEMS OF IRON & STEEL

Item	Custom Duty (Rials per Kg.)	CBT (Rials per Kg.)
Iron or steel bars	2	2
Iron or steel rods	2	2
Iron or steel blooms	2	2
Iron or steel beams	2	2
Iron or steel circular sections	2	2
Iron or steel semi-circular sections	2	2
Iron or steel triangular sections	2	2
Iron or steel rectangular sections	2	2
Iron or steel hexagonal sections	2	2
Iron or steel profiles (angles)	2	3.5
Iron or steel shapes (other)	2	2
Wire (0.5 mm and below)	3	1
Wire (0.5 to 10.0 mm)	2.5	1
Iron or steel sheets or plates, unworked	3	0.5
Iron or steel sheets or plates polished	3	0.5
Iron or steel sheets or plates zinc or lead	3.5	0.5
Tinplates	3.5	-
Iron or steel sheets covered or plated with other metals	7	1
Iron or steel sheets, enamelled, lacquerred, printed etc.	5	3
Iron or steel sheets others	5	1
Iron or steel hoops	4	0.5

(contd....)

(Table 21 contd....)

Item	Custom duty (Rials per kg.)	CBT (Rials per kg.)
Special steel in blocks or ingots	0.5	-
Special steel in blooms, billets or flat bars	2	-
Special steel in bars	2	-
Special steel wire	3	1
Special steel sheets	5	1
Special steel hoops	4	1
Pipe- Cast iron	1	5
Joints - cast iron	1.5	5
Tubes & pipes of iron or steel (straight uniform thickness)	3.5	2.5
Tubes & pipes hardward with or without joints	3.5	2.5
Tubes, & pipes, varnished, enamelled	3.5	2.5
Pipes (coated with nickle or chrome)	6	3
Piping of sheeting plain or coloured	5	3
Piping of sheeting, oil painted, varnished, enamelled	10	4
Piping of sheeting coated with non-precious metals	15	5
Joints & flanges for tubing and piping	5	6
Structurals	3	0.5

Source: General Import-Export Regulations for the Iranian year 1347(March 21,1968 to March 20, 1969), Ministry of Economy, Iran.

Table 22

C & F PRICES FOR VARIOUS IRON & STEEL ITEMS IN TEHRAN AS IN DECEMBER 1968

ITEM	Country of supply	Pipes per tonnes (C&F Kharramshaahr inclusive of Commission
Bars, rods, strips	W.Germany	$ 115 to 120
	India	$ 107 to 115
	Belgium	$ 112 to 116
	Czechoslovakia	$ 107 to 112
	Italy	$ 125 to 130
Beams	W.Germany	$ 100 to 104
	India	$ 98 to 102
	Belgium	$ 98 to 100
	Czechoslovakia	$ 98 to 103
Bars round & semi-round	India	$ 106 to 108
	W.Germany	$ 118 to 120
	Belgium	$ 103 to 104
	Austria	$ 100 to 102
Wire with diameter of 0.5 mm. to 10 m.m.	W.Germany	$ 170 to 172
	India	$ 110 to 115
	USSR	$ 120 to 125
	Belgium	$ 190 to 195
Semi finished sheets Iron & Steel	Japan	$ 145 to 148
	U.K.	$ 120 to 125
	France	$ 160 to 170
	W.Germany	$ 135 to 138
Finished sheets, I&S	U.K.	$ 124 to 130
	W.Germany	$ 115 to 117
	Japan	$ 128 to 135
	Netherlands	$ 130 to 132
	India	$ 125 to 128

(contd....)

(Table 22 contd....)

1	2	3
Hoops, Iron, Steel	W.Germany	$ 250 to 260
	U.K.	$ 210 to 215
	Hungary	$ 130 to 180
	India	$ 140 to 170
Piping, iron, steel, straight of uniform thickness	Italy	$ 185 to 190
	W.Germany	$ 195 to 200
	Japan	$ 180 to 190
	France	$ 205 to 210
	India	$ 170 to 190
Piping, iron steel, without joining	India	$ 150 to 180
	U.S.A.	$ 400 to 410
	W. Germany	$ 155 to 190
Piping iron steel varnished, enamelled, smooth finished with zinc, lead or aluminium coating	India	$ 155 to 165
	Italy	$ 165 to 170
	Netherlands	$ 165 to 175
	USSR	$ 150 to 165

Table 23

PRODUCTION IMPORTS AND EXPORTS OF JUTE MANUFACTURES

	Quantity in tonnes and value in million Rials					
	Qty.	Value 1/	Qty.	Value 1/	Qty.	Value 1/
Production of jute yarn	200		300		100	
Imports of jute yarn (+)	145	3.448	37	1.623	879	20.622
Exports of jute yarn (-)			-		-	
Total demand of jute yarn	345		337		979	
Production of jute fabrics	1,000		500		400	
Imports of jute fabrics (+)	2,096	70.493	7,215	280.256	7,566	264.788
Exports of jute fabrics (-)	-		-		neg.	
Total demand of jute fabrics	3,096		7,715		7,966	
Production of jute bags	3,000		2,500		2,700	
Imports of jute bags(+)	1,212	32.285	4,758	138.332	6,656	164.421
Exports of jute bags(-)	-		neg.		neg.	
Total demand for jute bags	4,212		7,258		9,356	
Total demand for jute manufactures (jute yarn + jute fabrics + jute bags)	7,653	106.226	15.310	420.211	18,301 /	449,831

1/ Value of only imported goods.

Table 24

SOURCEWISE IMPORTS OF JUTE MANUFACTURES

(Million Rials)

Country	1962-63 Value	1962-63 %age Share	1966-67 Value	1966-67 %age Share	1967-68 Value	1967-68 %age Share
A. Jute Yarn						
Pakistan	2.773	80.42	0.413	25.45	14.750	71.53
India	0.508	14.73	0.340	20.95	5.319	25.79
Other countries	0.167	4.85	0.870	53.60	0.553	2.68
B. Jute-Bags						
Pakistan	7.622	23.61	89.323	64.57	96.795	58.85
India	23.544	72.93	40.581	29.34	54.679	33.26
USSR	-	-	7.900	5.71	11.858	7.21
Oman	0.594	1.84	0.333	0.24	0.843	0.51
Other countries	0.525	1.62	0.195	0.14	0.276	0.17
C. Jute Fabrics						
India	54.490	77.30	217.382	77.57	179.831	67.91
Pakistan	13.562	19.24	38.955	13.90	63.998	24.17
USSR	-	-	20.614	7.36	19.396	7.33
U.K.	0.684	0.97	1.704	0.61	0.747	0.28
Netherlands	-	-	-	-	0.689	0.26
Other countries	1.757	2.49	1.601	0.56	0.127	0.05

Source: Foreign Trade Statistics of Iran, 1962-63, 1966-67 and 1967-68.

Table 25

IMPORTS OF SPICES

A. Pepper, black, unground (exclusive of ground & other pepper)

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age Share	Value	%age Share	Value	%age Share
Dubai	0.417	1.90	19.198	49.25	69.825	73.00
Kuwait	0.198	[illegible].90	7.423	19.04	19.280	20.16
Oman	0.270	1.23	4.938	12.67	6.156	6.43
Qatar	0.057	0.26	0.372	0.95	0.094	0.10
India	6.483	29.48	2.697	6.92	0.945	0.05
Singapore	11.020	50.10	0.973	2.24	0.139	0.14
Malaysia	-	-	3.284	8.42	-	-
Other countries	3.549	16.13	0.196	0.51	0.118	0.12

Source: Foreign Trade Statistics of Iran

(contd....)

(Table 25 contd...)

B. Turmic, unground (excluding ground turmeric)

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age Share	Value	%age Share	Value	%age Share
Oman	0.481	0.75	8.240	14.48	16.316	35.86
Dubai	0.543	0.84	3.873	6.81	12.460	27.39
Kuwait	0.016	0.02	15.58	26.64	10.595	23.29
Pakistan	12.160	18.87	19.292	33.90	5.380	11.82
India	50.470	78.34	9.807	17.23	0.352	0.77
Other countries	0.758	1.18	0.536	0.94	0.395	0.87
Total	64.428	100.00	56.906	100.00	45.498	100.00

C. Lime dried, unground

Country	1962-63		1966-67		1967-68	
	Value	%age Share	Value	%age Share	Value	%age Share
Muscat	4.134	41.55	10.821	65.45	19.932	80.19
Oman	3.586	35.04	4.046	24.47	2.945	11.85
Dubai	0.689	6.93	0.073	0.44	1.488	5.99
India	-	-	-	-	0.015	0.06
Other countries	1.540	15.48	1.593	9.64	0.476	1.91
Total	9.949	100.00	16.533	100.00	24.855	100.00

CONTD...

(Table 25 contd.....)

D. Ginger, unground (excluding ground ginger)

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age Share	Value	%age Share	Value	%age Share
Dubai	0.034	0.73	1.259	12.65	8.100	71.30
Qatar	0.003	0.06	0.253	2.54	1.036	9.12
India	4.225	90.10	2.626	26.38	0.978	8.61
Kuwait	-	-	0.941	9.45	0.465	4.09
C.China	-	-	2.331	23.42	-	-
N.China	-	-	1.687	16.95	-	-
Other countries	0.427	9.11	0.857	8.61	0.782	6.88
Total	4.689	100.00	9.954	100.00	11.361	100.00

E. Cardamon, unground

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age Share	Value	%age Share	Value	%age Share
India	12.668	96.42	16.322	91.60	8.289	75.33
Dubai	0.047	0.36	1.069	6.00	1.488	13.52
Kuwait	-	-	0.415	2.33	0.463	4.21
Other countries	0.423	3.22	0.012	0.07	0.764	6.94
Total	13.138	100.00	17.818	100.00	11.004	100.00

(Table 25 contd...)

F. Tamarind, Red

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age share	Value	%age share	Value	%age share
Oman	0.736	8.94	7.918	63.02	4.02	37.24
Thailand	2.255	27.39	0.439	3.49	2.933	25.95
Kuwait	1.449	17.60	1.213	9.65	2.206	19.52
Dubai	0.510	6.19	2.833	22.55	0.992	8.78
Qatar	0.108	1.31	0.132	1.05	0.712	6.30
India	1.185	14.39	0.026	0.21	0.207	1.83
Others countries	1.990	24.18	0.003	0.03	0.044	0.388
Total	8.233	100.00	12.564	100.00	11.303	100.00

G. Cinnamon, unground

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age share	Value	%age share	Value	%age share
Dubai	0.006	0.05	4.192	41.60	2.807	72.05
Oman	0.163	1.39	0.410	4.07	0.388	9.96
Kuwait	-	-	2.220	22.03	0.387	9.93
Hong Kong	6.455	55.03	0.799	7.93	-	-
N.A. China	4.311	36.74	-	..	..	-
C. China	-	-	1.803	17.89	0.228	5.85
India	0.481	4.10	0.644	6.39	0.086	2.21
Total	11.731	100.00	10.078	100.00	3.896	100.00

Table 26

C&F AND RETAIL PRICES OF SOME OF SPICIES IN DECEMBER 1968

Item	Country of Origin	C&F price (Rials per kg.)	Retail prices (Rials per kg.)
1. Unground black pepper	India	62-70	80-100
	Singapore	60-65	75-90
	Dubai	55-60	70-90
	Kuwait	55-60	70-90
2. Unground turmetic	India	25-35	35-40
	Pakistan	27-35	35-40
	Oman	27-30	32-35
	Dubai	28-32	35-45
	Kuwait	30-32	40-45
	Pakistan	28-35	35-45
3. Lime, dried unground	Muscat	33-40	45-50
	Oman	30-40	40-50
	Dubai	35-42	45-50
4. Ginger, unground	India	38-45	50-60
	Dubai	40-44	45-55
	Qatar	30-40	40-50
	Kuwait	30-38	40-50
5. Cardamom, unground	India	250-300	275-350
	Dubai	200-250	250-325
	Kuwait	280-300	250-325
6. Red Tamarind	India	12-16	17-20
	Oman	10-16	17-20
	Thailand	10-15	15-20
	Kuwait	12-15	16-20
	Dubai	12-15	15-20
7. Cinnamon, unground	India	50-65	70-90
	Dubai	40-50	55-80
	Oman	35-48	50-75
	Kuwait	45-60	60-75
	C.China	45-60	60-70
	Hong Kong	55-65	65-90

Table 27

IMPORT OF ELECTRIC FANS

A. Total : Electric Fans

Items	1962-63	1964-65	1966-67	1967-68
i. Number of fans imported	N.A.	84,563	131,223	180,082
ii. Value (in million rials)	90.826	97.754	139.419	198.041
iii. Value (in million US $)	1.211	1.303	1.859	2.641

B. Electric Fans Not exceeding 15 Kg. in weight

Items	1962-63	1964-65	1966-67	1967-68
i. Number of fans imported	N.A.	70,139	120,945	160.741
ii. Value (in million rials)	74.916	80.632	128.027	175.897

C. Electric Fans exceeding 15 Kg. in weight

Items	1962-63	1964-65	1966-67	1967-68
i. Number of fans imported	N.A.	14,424	10,278	19,341
ii. Value (in million rials)	15.910	17.119	11.392	22.144

Table 28

COUNTRY-WISE IMPORT OF ELECTRIC FANS NOT EXCEEDING 15 Kgs. IN WEIGHT

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age Share	Value	%age Share	Value	%age Share
Japan	29.090	38.83	65.020	50.79	126.153	71.72
Hong Kong	15.312	20.44	43.494	53.97	36.419	20.70
India	0.148	0.20	1.280	1.00	3.954	2.25
United Kingdom	3.500	4.67	2.044	1.60	3.519	1.43
Pakistan	0.134	0.18	1.865	1.65	2.208	1.26
Netherlands	3.806	5.08	5.193	4.06	1.579	0.90
Kuwait	1.114	1.49	1.213	0.95	1.265	0.72
W.Germany	1.167	1.56	0.436	0.34	0.548	0.31
U.S.A.	11.098	14.81	2.676	2.09	0.008	Neg.
C.China	-	-	3.672	2.87	0.078	0.04
Other countries	0.708	0.94	0.685	0.52	0.627	0.36
Total	74.916	100.00	128.027	100.00	175.897	100.00

Source: Foreign Trade Statistics of Iran.

Table 29

SOURCEWISE IMPORTS OF MOTOR PUMPS

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age share	Value	%age share	Value	%age share
U.K.	196.872	58.56	361.826	62.76	257.622	52.61
U.S.A.	22.969	6.83	59.275	10.28	74.156	15.14
W.Germany	52.710	15.68	46.460	8.06	62.362	12.74
India	13.072	3.89	45.607	7.91	35.454	7.24
Italy	6.406	1.91	21.066	3.65	19.273	3.94
Dubai	13.115	3.90	12.775	3.22	11.969	2.44
Oman	14.537	4.32	10.232	1.77	8.844	1.81
USSR	-	-	5.032	0.87	5.373	1.10
Switzerland	-	-	-	-	2.709	0.55
Austria	1.138	0.34	2.957	0.51	2.683	0.55
France	3.486	1.04	1.368	0.24	2.244	0.46
Japan	-	-	0.963	0.17	2.229	0.46
Netherlands	2.140	0.64	2.604	0.45	2.133	0.44
Sweden	0.198	0.06	0.761	0.13	1.111	0.23
Other countries	9.540	2.83	5.645	0.98	1.508	0.29
Total	336.183	100.00	576.571	100.00	489.672	100.00

Source: Foreign Trade Statistics of Iran.

Table 30

SOURCEWISE IMPORTS OF PARTS OF DEEPWELL AND OTHER PUMPS

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age share	Value	%age share	Value	%age share
U.S.A.	29.519	34.22	138.320	68.97	70.015	70.13
U.K.	41.136	47.68	37.422	18.66	10.882	10.90
Austria	0.021	0.02	0.266	0.13	6.318	6.33
W.Germany	6.209	7.20	8.259	4.12	4.153	4.16
Netherlands	6.000	6.95	0.961	0.48	2.953	2.96
France	0.002	Neg.	2.768	1.38	2.058	2.06
Japan	-	-	4.077	2.03	0.729	0.73
Belgium	-	-	0.701	0.35	0.665	0.67
India	-	-	0.476	0.24	0.256	0.26
Other countries	3.384	3.93	7.295	3.64	1.811	1.80
Total	86.271	100.00	200.545	100.00	98.840	100.00

Source: Foreign Trade Statistics of Iran.

Table 31

SOURCEWISE IMPORTS OF IRAN OF LATHES

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age	Value	%age	Value	%age
USSR	0.421	2.37	22.777	14.40	62.931	26.91
W.Germany	6.919	38.99	10.048	6.35	32.520	13.91
Bulgaria	-	-	19.506	12.33	26.328	11.26
Rumania	0.630	3.55	8.567	5.42	21.209	9.07
Poland	-	-	35.811	22.64	19.150	8.19
Italy	0.097	0.55	7.040	4.45	13.752	5.88
Denmark	1.412	7.96	9.581	6.06	12.382	5.30
Czechoslovakia	3.156	17.78	8.207	5.19	12.179	5.21
U.K.	3.190	17.98	12.225	7.73	8.159	3.49
Yugoslavia	-	-	2.200	1.39	5.840	2.50
C.China	-	-	8.388	5.30	4.966	2.12
Hungary	-	-	5.593	3.54	4.260	1.82
Sweden	-	-	0.497	0.31	2.452	1.05
France	-	-	0.178	0.11	2.451	1.05
Netherlands	-	-	0.909	0.57	1.443	0.62
U.S.A.	0.847	4.77	3.956	2.50	1.368	0.59
India	0.249	1.40	1.991	1.26	0.775	0.33
N.A. China	-	-	-	-	0.704	0.30
Other countries	0.825	4.65	0.719	0.45	0.963	0.40
Total	17.746	100.00	158.193	100.00	233.832	100.00

Source: Foreign Trade Statistics of Iran.

Table 32.

SOURCEWISE IMPORTS OF DIFFERENT MACHINES

A. Medicines - Patent (Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age share	Value	%age Share	Value	%age Share
Switzerland	208.343	24.30	452.714	21.03	498.250	22.71
W.Germany	176.935	20.64	425.354	19.76	430.252	19.61
France	121.476	14.71	384.973	17.88	334.290	15.24
USA	137.755	16.07	266.577	12.38	313.320	14.28
U.K.	65.605	7.65	285.527	13.26	238.863	10.89
Netherlands	76.693	8.95	139.410	6.48	123.806	5.64
Belgium	22.103	2.58	63.458	2.95	100.544	4.58
Italy	24.520	2.86	40.970	1.90	50.186	2.29
Sweden	1.760	0.21	23.413	1.09	24.277	1.11
Israel	2.309	0.27	16.937	0.79	22.347	1.02
Denmark	1.270	0.15	12.565	0.58	16.731	0.76
Lebanon	2.160	0.25	23.177	1.08	15.677	0.71
Austria	3.278	0.38	5.641	0.26	14.234	0.65
India	0.877	0.10	0.404	0.02	2.503	0.11
Hungary	-	-	1.270	0.06	2.095	1.10
Czechoslovakia	-	-	3.053	0.14	1.895	0.09
U.S.S.R.	4.212	0.49	1.056	0.05	1.471	0.07
Other countries	8.071	0.93	6.113	0.29	3.310	0.14
Total	857.367	100.00	2125.612	100.00	2194.051	100.00

(contd...../2)

(Table 32 contd...)

B. Medicines - Doxed

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age Share	Value	%age Share	Value	%age Share
U.K.	83.394	16.46	19.277	46.17	31.017	57.57
W.Germany	79.423	15.68	7.875	18.86	6.071	11.27
Netherlands	59.349	11.72	0.781	1.87	5.048	9.38
U.S.A.	83.365	16.46	6.844	16.39	4.482	8.32
France	75.078	14.82	2.856	6.84	2.044	3.79
Switzerland	80.743	15.94	0.945	2.26	1.349	2.50
Italy	15.584	3.08	0.357	0.86	1.186	2.20
Czechoslovakia	0.762	0.15	0.531	1.27	0.638	1.18
India	0.700	0.14	0.064	0.15	-	-
Belgium	10.715	2.12	0.035	0.08	0.325	0.60
Hungary	3.126	0.62	1.138	2.73	0.069	0.13
Other countries	14.314	2.81	1.049	2.52	1.646	3.07
Total	506.553	100.00	41.752	100.00	53.875	100.00

(contd.....)

(Table 32 contd......)

C. Antibiotics

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age share	Value	%age share	Value	%age share
U.S.A.	195.269	37.61	263.862	29.57	246.891	24.85
Italy	73.452	14.15	188.09	21.09	191.113	19.24
W.Germany	123.639	23.81	103.022	11.55	140.655	14.16
Switzerland	26.484	5.10	84.174	9.43	121.175	12.20
Belgium	29.479	5.68	45.613	5.11	102.409	10.31
U.K.	13.220	2.55	56.535	6.34	85.181	8.57
Denmark	3.191	0.61	28.572	3.20	43.422	4.37
France	20.604	3.97	43.324	4.86	29.421	2.96
Lebanon	7.113	1.37	24.694	2.77	14.305	1.44
Netherlands	21.606	4.16	22.308	2.50	11.910	1.20
Austria	2.428	0.47	3.393	0.38	1.669	0.17
Sweden	1.533	0.30	3.996	0.45	0.172	0.02
India	-	-	-	-	-	-
Other countries	1.196	0.22	24.663	2.75	5.163	0.51
Total	519.214	100.00	892.301	100.00	993.486	100.00

(contd........)

(Table 32 contd......)

D. Serums, Vaccines

(Million rials)

Country	1962-63		1966-67		1967-68	
	Value	%age share	Value	%age share	Value	%age share
U.S.A .	4.762	28.32	7.686	30.63	10.799	35.17
Switzerland	3.777	22.46	7.143	28.46	9.790	31.88
U.K.	2.309	13.73	1.395	5.56	3.464	11.28
Italy	0.922	5.48	4.416	17.60	2.368	7.71
W.Germany	2.095	12.46	2.857	10.31	1.970	6.45
India	-	-	-	-	-	-
Other countries	2.951	17.55	1.869	7.44	2.306	7.51
Total	16.816	100.00	25.096	100.00	30.706	100.00

(Contd.......)

(Table 32 contd.......)

E. Penicillin and Its Compounds

Country	1962-63		1966-67		1967-68	
	Value	%age share	Value	%age share	Value	%age share
U.S.A.	18.065	49.31	18.599	71.10	8.799	44.99
U.K.	0.401	1.09	1.617	6.18	7.723	39.49
Belgium	-	-	0.822	3.14	1.777	9.09
W. Germany	11.201	30.57	2.768	10.58	1.235	6.31
India	-	-	-	-	-	-
Other countries	6.968	10.03	2.351	9.00	0.023	0.12
Total	36.635	100.00	26.157	100.00	19.00	100.00

Table 33

IMPORTS OF VARIOUS TYPES OF CARDBOARD & PAPER

Tariff No. & Item	Qty. (tonnes)	Value (Mill. Rials)	Qty. (tonnes)	Value (Mill. Rials)	Qty. (tonnes)	Value (mill. Rials)
1	2	3	4	5	6	7
I. CARDBOARD						
417-1 Common	839	13.537	904	14.826	644	9.522
417-2 Felt	4	0.057	neg.	0.004	-	-
417-3 Duplex, triplex, pressed together	151	2.112	318	5.137	204	3.253
417-4 Made of several sheets glowd such as Bristol	64	0.900	22	0.527	80	1,328
417-5 With paper coating	46	0.771	498	8.532	134	1.894
417-6 Others	379	5.524	295	4.712	1,373	22.460
418-1 In rolls, sheets, glazed, coated, varnished, enamelled, printed etc.	203	4.965	53	2.241	134	5.353
418-2 In rolls, sheets, bearing printed designs	42	1.089	10	0.450	4	0.306
418-3 In rolls, sheets, parchment embossed, designed etc.	83	1.691	53	1.395	10	0.494
Total Cardboard	1,811	30.646	2,153	37,824	2,583	44.610

(contd....)

(Table 33 contd.....)

1	2	3	4	5	6	7
II. PAPER						
419-A Wrapping	13,432	190.619	24,221	328,203	31,840	413,856
419-B-1 In rolls, sheets, weighing in excess of 35 grams per square metre	1,454	25.143	1,457	25.726	1,865	30.844
419-B-3 Made of several glued in rolls, sheets weighing in excess of 35 gms.per sq.metre.	1,145	19,035	3,402	57,997	1,994	33.435
419-C-1 Newsprint in rolls	7,482	114.239	6,152	73.792	7,694	91.199
419-C-2-1 -Other except newsprint white	1,299	25.183	2,620	32.884	1,918	25.162
419-2-2-Other except newsprint coloured	195	3.842	635	8.682	53	1.221
419-D Other in rolls or sheets, not otherwise manufactured, weighing more than 35 gms.per sq. metre	12,426	234.996	31,231	564.341	35,169	639.202
420-A Cigarette, in rolls or sheets	447	29.428	389	24.259	490	33,846
420-B Other in rolls or sheets, weighing less than 35 gms. per sq. metre	862	30.502	692	30.617	642	21.755

(contd...)

(Table 33 contd......)

1		2	3	4	5	6	7
421-A	Ruled squared in rolls or sheets	14	1,091	28	1,404	17	3. 99
421-B-1	Glossed coated, in rolls or sheets	1.099	35.153	1,616	82.430	2,280	66.892
421-B-2	Oiled, waxed varnished coloured, in rolls or sheets	512	18.603	1.434	45.387	51,046	38.192
421-B-3	Parchment, in rolls or sheets	83	5.261	587	18.709	563	16.772
421-B-4	Corrugated, embossed etc.	121	5.856	664	23.401	573	23.065
421-B	Stiffened with thread or fabric, tarred, untarred	218	4.967	39	1.169	262	8.533
	Total Paper	42,341	768.878	79,795	1,379.982	90,891	1,523.821

Table 34

SOURCEWISE IMPORTS OF PAPER (coloured, White etc.)

(Million Rials)

Country	1962-63		1966-67		1967-68	
	Value	%age share	Value	%age share	Value	%age share
Yugoslavia	1.633	0.69	90.889	16.10	179.945	28.16
Finland	62.170	26.47	41.189	7.30	82.351	12.89
Japan	16.641	7.08	56.358	9.99	70.980	11.10
Rumania	-	-	44.962	7.97	61.242	9.58
Czechoslovakia	13.334	5.68	36.467	6.46	36.845	5.76
Austria	30.174	12.84	79.252	14.04	35.970	5.63
U.K.	10.463	4.45	13.899	2.46	34.674	5.42
Sweden	26.866	11.43	23.845	4.23	18.700	2.93
C.China	-	-	101.671	18.02	16.644	2.60
Norway	10.876	4.63	23.957	4.24	114.082	2.20
India	-	-	13.296	2.36	14.187	2.22
Israel	-	-	8.805	1.56	12.036	1.88
Bulgaria	-	-	-	-	9.820	1.54
N.A. China	42.033	17.89	3.046	0.54	9.583	1.50
Canada	-	-	8.094	1.43	9.572	1.50
USSR	3.977	1.69	2.322	0.41	9.280	1.45
W. Germany	7.294	3.10	2.661	0.47	7.339	1.15
Spain	-	-	-	-	6.417	1.00
Netherlands	1.935	0.82	4.005	0.71	4.672	0.73
Other countries	7.600	3.23	9.623	1.71	4.863	0.76
Total	234.996	100.00	564.341	100.00	639.202	100.00

Table 35

CUSTOM DUTY & CBT ON VARIOUS TYPES OF CARDBOARD AND PAPER

Tariff No. & Item		Custom duty (in Rials per Kg.)	CBT (in Rials per Kg.)
417	Cardboard covered with paper of natural colour, white or coloured	3	9
418	Cardboards, glazed, coated varnished, enamelled, painted, learning printed designs, parchment, embossed, designed etc.	7	8
419-A	Wrapping paper (weighing between 75 to 150 grms. per square metre)	2	1.5
	Wrapping paper (weighing 150 grams. or over per square metre)	2	5
	Other wrapping paper (weighing less than 75 grams per square metre)	2	0.5
419-B	Felted paper (weighing less than 150 grms per square metre)	3.5	-
	Felted paper (weighing 150 grms or more per square metre)	3.5	3.5

(contd....)

(Table 35 contd....)

Tariff No. & item		Custom duty (in Rials per Kg.)	CBT (in Rials per Kg.)
419-C-1	Newsprint, in rolls, white or coloured (coloured pulps)	1.75	-
419-C-2-A	Newsprint other than white	1.75	-
419-C-2-B	Newsprint other than coloured (coloured pulp)	3.50	-
419-D	Other paper of natural colour white or dyed in the mass	4	-
420-A	Cigarette paper	7	(The import is monopolised by the Tobacco Monopoly Deptt.of Iran).
420-B	Other paper weighing less than 35 grams per square metre	12	-
421-A	Rule or squared paper	5	-
421-B	Paper, glazed, surface coated or enamelled, oiled, waxed etc.	8	8
421-C	Peper stiffened or strengthened with textile threads or fabrics whether tarred or not.	2	-

Table 36

SOURCEWISE IMPORT OF COTTON YARN AND THREAD

(Million Rials)

Country	1962-63		1966-67		1967-68	
	Value	%age share	Value	%age share	Value	%age share
1	2	3	4	5	6	7
A. Cotton Yarn-all types Undoubled						
W. Germany	1.593	24.35	0.006	0.14	2.970	24.74
Italy	3.114	47.61	0.147	3.54	2.829	23.57
Yugoslavia	-	-	2.159	51.96	2.502	20.84
Japan	0.321	4.91	0.444	10.69	1.934	16.11
Lebanon	-	-	0.499	12.01	0.782	6.52
India	-	-	-	-	-	-
Other countries	1.513	23.13	0.900	21.66	0.968	8.22
Total A.	6.541	100.00	4.155	100.00	12.003	100.00
B. Cotton Yarn-doubled						
Yugoslavia	-	-	2.494	23.80	2.916	26.34
Czechoslovakia	0.078	6.29	-	-	2.372	21.42
U.S.A.	0.613	49.44	0.575	5.49	1.923	17.37
U.K.	0.271	21.85	1.530	14.60	1.437	12.98
Japan	-	-	-	-	1.291	11.66
Italy	0.059	4.76	51.767	55.03	0.924	8.35
India	-	-	-	-	-	-
Other countries	0.219	17.66	0.113	1.08	0.209	1.88
Total B.	1.240	100.00	10.479	100.00	11.072	100.00

(contd....)

(Table 36 contd....)

1	2	3	4	5	6	7
C. Cotton thread or Bobbins						
USSR	8.581	9.63	5.865	18.29	6.020	31.15
Portugal	3.252	3.65	2.825	8.81	2.682	13.88
Yugoslavia	-	-	3.505	10.93	2.075	10.74
Sweden	1.154	1.29	1.123	3.50	1.836	9.50
W.Germany	0.012	0.01	0.459	1.43	1.824	9.44
Poland	5.806	6.51	0.434	1.35	1.552	8.03
U.K.	23.972	26.89	6.529	20.36	1.272	6.58
Kuwait	-	-	-	-	0.706	3.65
France	-	-	0.735	2.29	0.671	3.47
Lebanon	16.968	19.03	-	-	-	-
India	-	-	-	-	0.062	0.32
Other countries	29.400	32.99	10.594	33.04	0.627	3.24
Total C	89.145	100.00	32.069	100.00	19.327	100.00
D. Cotton yarn for retail sale						
Yugoslavia	-	-	1.297	12.33	2.304	53.41
France	7.421	47.74	1.077	10.24	0.440	10.20
Italy	0.169	1.09	0.219	2.08	0.400	9.27
W.Germany	0.364	2.34	0.731	6.95	0.394	7.88
Japan	0.810	5.21	0.363	3.45	0.340	7.88
U.K.	3.618	23.28	2.753	26.17	0.132	3.06
India	0.405	2.61	0.653	6.21	-	-
Other countries	2.757	17.73	3.428	32.57	0.304	7.05
Total D	15.544	100.00	10.521	100.00	4.314	100.00

Table 37

IMPORTS OF COTTON FABRICS

Item	1962-63 Quantity (tonnes)	1962-63 Value (Mill. Rials)	1966-67 Quantity Tonnes	1966-67 Quantity '000 metres	1966-67 Value (Million Rials)
1	2	3	4	5	6
Cotton fabrics, not figured					
A. Unbleached	9.5	1.579	5.0	66	0.805
B. Bleached	27.3	5.284	174.3	3679	28.418
C. Dyed	8.7	1.659	8.2	190	1.573
D. Printed	55.3	10.348	85.1	1715	12.295
E. Of yarn dyed	8.7	2.190	2.1	4	0.154
F. Of mercerised thread	984.3	169.383	1.8	9	0.246
G. Glazed, Goffered, stamped.	0.1	0.011	-	-	-
Cotton fabrics, figured					
A. Broche	7.9	1.751	0.2	Neg.	0.093
B Others	79.4	12.876	1.7	4	0.275
Cotton fabrics, Mixed	7.1	1.327	0.3	1	0.056
A. Cotton gauze, not figured	0.1	0.339	0.1	1	0.004
B. Cotton gauze, figured	-	-	-	-	-
Cotton blankets	1.6	0.284	-	-	-
Cotton velvets & plushes	142.5	6.871	-	-	-
Cotton carpets	-	-	-	-	-
Cotton ribbons	18.1	5.134	58.3	N. A.	13.493
Cotton trimings	23.1	9.994	9.4	N. A.	1.584
Cotton tulles & net fabrics, plain	1.9	0.550	0.3	N. A.	0.101
Cotton tulles & net figured	Neg.	0.007	-	-	-
Cotton laces	16.2	6.609	2.5	N. A.	0.611
Total	1391.8	236.196	349.3		59.708

(contd..)

(Table 37 contd.....)

Item	1967-68		
	Quantity		Value
	Tonnes	'000 m.	(Million Rials)
1	7	8	9
Cotton fabrics, not figured			
A. Unbleached	12.3	219	1.625
B. Bleached	215.6	2238	30.454
C. Dyed	3.1	16	0.676
D. Printed	0.7	16	0.150
E. Of yarn dyed	0.3	3	0.065
F. Of mercerised thread	0.7	3	0.197
G. Glazed, goffered, stamped	-	-	-
Cotton fabrics, figured			
A. Broche	0.5	2	0.112
B. Others	5.6	32	2.009
Cotton fabrics, Mixed	0.4	2	0.107
A. Cotton gauze, not figured	0.9	17	0.289
B. Cotton gauze, figured	-	-	-
Cotton blankets	0.3	Neg.	0.072
Cotton valvets & plushes	-	-	-
Cotton carpets	Neg.	Neg.	0.005
Cotton ribbons	66.5	N. A.	15.549
Cotton trimmings	9.5	N. A.	2.924
Cotton tulles & net fabrics, plain	-	-	-
Cotton tulles & net figured	0.4	N. A.	0.108
Cotton laces	0.9	N. A.	0.234
Total	317.7		54.576

Table 38

ESTIMATE OF POTENTIAL OF INDIA'S EXPORTS

('000 $)

Commodity	Actual Exports		Potential for 1974
	1967-68	1968-69	
1. Textile (Non-jute)	51	56	-
2. Jute textiles	2,744	3,404	3,500
3. Tea	3,945	4,935	6,500
4. Spices	116	107	-
5. Rice	-	-	-
6. Fish and Fish products	-	-	-
7. Iron ore	-	-	-
8. Iron & Steel products	9,332	11,198	20,000
9. Electrical Machinery and appliances	280	569	1,000
10. Non-Electrical Machinery	173	188	250
11. Machine tools	-	-	250
12. Diesel engines	287	589	2,000
13. Railway equipment	403	1,336	500
14. Motor vehicles & parts	162	280	-
15. Bicycles & parts	404	1,115	1,000
16. Rubber tyres and tubes	60	153	250
17. Small tools & hand tools	35	70	100
18. Medicines & pharmaceuticals	17	17	500
Sub-total (1-18)	18,009	24,017	35,850
19. Paper and Card board	200	1,233	500
20. Aluminium ingots	-	64	-
21. Diamonds	-	-	-
22. Fruits and nuts	40	185	
23. Oilseeds	18	43	
24. Cinematographic films	248	182	
25. Others	373	2,820	14,650
Total	18,888	28,544	51,000

Appendix 1

THE SURVEY TEAM

Director-General

Shri S.Bhoothalingam

Project Director

Shri R.S. Sharma

Consultants

Indian	Foreign
Shri N.J. Kamath	Dr. Morton C. Grossman
Shri B.N. Khosla	Mr. William H. Rusch

Economists

Shri S.R. Chawla
Dr. R.G. Gidadhubli
Shri N.R. Gopalakrishnan
Dr. P.C. Jain
Shri K. Kasturi
Shri V. Krishnamurthy
Shri P.K. Krishnaswamy
Shri P.L. Narayana
Shri R.K. Patil
Dr. T. Rameswara Rao
Shri T.R. Sehgal
Shri N. Venkataraman

APPENDIX 2

LIST OF OFFICES/PERSONS CONTACTED DURING THE FIELD VISIT

Indian Embassy

1. Ambassador of India
2. Commercial Attache, Indian Embassy, Tehran
3. Information Attache, Indian Embassy, Tehran
4. Marketing Analyst, Indian Embassy

Government of Iran

1. Deputy Chairman, Plan Organisation
2. Secretary, Bureau of Industrial Investments & Cooperation and Plan Organisation
3. Secretary, Foreign Investments Protection Department, Central Bank of Iran.
4. Director General of Foreign Trade
5. Chief, Bureau of Studies, Ministry of Finance
6. Chief, Economic Research, Central Bank of Iran
7. Chief, Foreign Trade Section, Central Bank of Iran.
8. Chief Electrical Engineer, Ministry of Water & Power, Tehran
9. Director, Statistics, Ministry of Economy
10. Under Secretary, Ministry of Economy
11. Industrial Mining & Development Bank, Govt. of Iran.
12. Under Secretary, Ministry of Railways & Roads
13. Chief Engineer, Ministry of Railways
14. Economist, National Iranian Oil Company, Tehran
15. Deputy Minister, Plan & Research, Ministry of Agriculture
16. Economist, Plan & Research, Ministry of Agriculture
17. Director-General, Marketing, Ministry of Agriculture, Production & Consumer Goods.

18. Director-General, Organisation of Small Scale Industries & Industrial Estates of Iran.
19. Chief Engineer, Small Scale Industries
20. Director, Industrial Guarantee Fund, Tehran
21. Chief Consultant, National Iranian Steel Corporation.
22. Port Administrator, Bandar Pahalvi.

United Nations

1. U.N. Industrial Consultant to Iran.
2. U.N. Consultant on Planning to Govt. of Iran.

Chamber of Commerce & Industry

1. Director General, Tehran Chamber of Commerce
2. Director, International Department, Tehran Chamber of Commerce
3. Secretary, Federation of Iranian Industries & Chambers of Commerce and Mines, Tehran
4. Chief, Research Division, Federation of Industries, Chambers of Commerce, Mines, Tehran

Traders

1. M/s Barkat & Co.,
Kooras,
Saraye Razi,
Ave. Bouzarjomehri,
Tehran.

2. M/s Nassar Trading Co.,
Gourji Building,
Golbendak Square,
Tehran.

3. M/s Chaddha Commercial Co.,
Saraye Omid,
Ave. Bouzarjomehri,
Tehran.

4. M/s Panjavani Mohammad Hossein,
Saraye Mohamadi,
Ave. Bouzarjomehri,
Tehran.

5. M/s Javahar Co.,
Saraye Saffari,
Ave. Bouzarjomehri,
Tehran.

6. M/s Harihind Co.,
Saraye Mohamadieh,
Ave. Bouzarjomehri,
Tehran.

7. M/s Domodar Co.,
Saraye Saffari,
Ave. Bouzarjomehri,
Tehran.

8. M/s Tarahind Co.,
28, Bank Sepah Building,
Ave. Bouzarjomehri,
Tehran.

9. M/s Profil-Sazi-Iran Co. Ltd.,
125, Avenue Khyam,
Tehran.

10. M/s Iran Co.,
Profil Va Louleh-Sazi,
28, Nasser Street,
Ave. Ghazvin,
Tehran.

11. M/s Guivar Co. Ltd.,
Avenue Tehran Pars,
Damavand Road,
Tehran.

12. M/s Ardel Home Appliances
Industries Co.,
157, Avenue Zahedi,
Tehran.

13. M/s Fathi & Sons Manufacturing Co.,
Ghazvin Avenue,
Shobairi No. 28,
Tehran.

14. M/s Albert & Joseph Tawzik,
Maidane Sepah,
Avenue Amir-Kabir,
Passage 20,
Tehran.

15. M/s Iran Sawhney Co. Ltd.,
Avenue Bouzarjomehri,
Tehran.

16. M/s Panjwani Corporation
Saraya Mohammabi,
Ave. Bouzarjomehri,
Tehran.

17. M/s Sherkate Sahami Jawaher,
P.O. Box No. 246,
Sarai Saffari,
Tehran.

18. M/s K. Barkat & Co.
Saraye Razi,
Ave. Bouzarjomehri,
Tehran.

19. Sardar Mohan Singh Kohli,
Saraye Omid,
Ave, Bouzariomahri,
Tehran.

20. M/s Sardar Pritam Singh Anan,
Saraye Javehari,
Ave. Bouzarjomehri,
Tehran.

21. M/s Alawi - Mohabet Co.,
Saraye Cigarchi,
Golbandak,
Tehran.

22. M/s Chatai Iran Manufacturing Co.,
Saraye Tahbaz,
Ave. Khyam,
Tehran.

23. M/s Nazzer Trading Co.,
Gorji Bldgd.,
Golbandak Square,
Tehran.

24. M/s Baboo Trading Co. Ltd.,
Saraye Javehari,
Ave. Bouzar jomehri,
Tehran.

25. M/s Goura, Chetram,
Saraye Omid,
Ave. Bouzar jomehri,
Tehran.

26. M/s Damodar Co.,
Saraye Saffari,
Ave. Bouzar jomehari,
Tehran.

27. M/s Joseph & Albert Tawfik,
Maidane Sepah,
Amir Kabir Avenue,
Tehran.

28. M/s General Electric Company Ltd.,
Avenue Takhate Jamshid,
Tehran.

29. M/s Tehran Tokyo Trading Company,
Saraye Hafiz,
Avenue Bouzarijomehri,
Tehran.

30. M/s Iran Margo Company Limited,
Avenue Saadi,
Tehran.

31. M/s Ibak Trading Co.,
11, Avenue Chabine,
Amir-Akram,
Tehran.

32. M/s Iran Pharmic Co.,
19, Goudarz Street,
Tehran.

33. M/s Farabi Co. Ltd.,
Seirafi Building,
Avenue Amir Kabir,
Tehran.

34. M/s Asia Co.,
Saraye Razi,
Ave. Bouzarjomehri,
Tehran.

35. M/s Arzesh Co. Ltd.,
11, Bahrami Street,
Avenue Saadi,
Tehran.

36. M/s Ferchidoun Zartoshti & Bros.,
Momtaz Street,
Avenue Saadi,
Tehran.

37. M/s Techno-Machine Co.,
28, Avenue Fkbatan,
Tehran.

38. M/s Iran Anglo Co. Ltd.,
Avenue Ferdousi,
P.O. Box 723,
Tehran.

39. M/s Iranshahr Co. Ltd.,
Avenue Ferdousi,
Tehran.

40. M/s Iran Khalil Zad,
Avenue Saadi,
Tehran.

41. M/s Iran Tehno Co. Ltd.,
Avenue Takhte Jamshid,
Tehran

43. M/s Sherkat Sahami Jomir,
P.O. Box 47,
Tehran.

44. M/s Gray Mackenzine & Co. Ltd.,
Amini Building,
Avenue Ferdowsi,
Tehran.

45. Cycle & Cycle Parts Distribution
Company Ltd.,
Avenue Nasserkhosrow,
Tehran.

46. M/s Faragh Co. Ltd.,
Avenue Amir Kabir,
Tehran.

47. M/s Pakravesh Co. Ltd.,
Serai Razi,
Avenue Bouzarjomehri,
Tehran.

48. M/s Lapman Co. Ltd.,
Aluminium Building,
Avenue Shah,
Tehran.

49. M/s Waryam Singh Kholi,
Serai Javehri,
Avenue Bouzarjomehri,
Tehran.

50. M/s H.G. Gabriliam,
P.O. Box 621.
Tehran.

51. M/s Aziz Trading Co.,
Avenue Amir Kabir,
Tehran.

52. M/s Iran Cycle Co.,
Comer Masjid Shah,
Avenue Bouzarjomehri,
Tehran.

Appendix 3

A NOTE ON RESOURCE MOBILISATION

During the period 1960 to 1967, the saving ratio remained around 16.5 per cent of the gross national product. In the following table the movement of the domestic saving and consumption levels along with the net inflow of foreign resources is presented:

(In million Rials)

	1960	1961	1962	1963	1964	1965	1966	1967
1. Gross National product	307.0	333.3	341.3	350.0	374.1	387.9	437.3	480.8
2. Domestic Saving	52.0	60.8	58.0	50.5	68.3	61.2	66.8	78.4
3. Net inflow from foreign resources:	8.1	8.3	0.6	-1.9	-9.9	4.1	17.0	16.6
4. Fixed domestic investment	60.1	69.1	58.6	48.7	58.4	65.3	83.8	95.0
5. Ratio of domestic saving to GNP (per cent)	16.9	18.2	17.0	14.5	18.3	15.8	15.3	16.3

Average for 8 years=16.5)

It is evident from the above figures that barring the years 1963 and 1964, there had been a net inflow of foreign capital and the fixed domestic investment exceeded the domestic saving levels. The saving - income ratio during the period varied from a low of 14.5 per cent and a high of 18.3 per cent in the GNP and the average saving - income ratio for the entire period works out to be around 16.5 per cent. For any country, a saving level of this order should be considered as fairly high. This saving level of course has been achieved mostly through expansion in the Public Sector Investments. These increased public investments are financed through increased public revenue derived through the following resources.

Comparison of Components of Government Revenues in 1960 & 1967

		1960			1967		
		Amount in billion Rials	Percentage of total	Percentage of GNP	Amount in billion Rials	Percentage of Total	Percentage of GNP
		1	2	3	4	5	6
1.	Oil	19.6	47.9	7.0	49.6	50.6	11.3
2.	Indirect taxation including:	12.8	31.3	4.5	26.8	27.3	6.1
	a)F.Trade	10.1	24.7	3.6	17.6	17.9	4.0

(contd....)

		1	2	3	4	5	6
	b) Other indirect taxes	2.7	6.6	0.9	9.2	9.4	2.1
3.	Direct taxation	3.7	9.0	1.3	9.2	9.4	2.1
4.	Profit-making and commercial enterprises	3.7	9.0	1.3	7.1	7.2	1.6
5.	Govt. services	1.0	2.6	0.4	3.7	3.8	0.8
6.	Misc.	0.1	0.2	-	1.7	1.7	0.4
Total		40.9	100.0	14.5	98.1	100.0	22.3
Index		100.0	-	-	239.9	-	-

(Source: National Development Plan, 1968-72, Govt. of Iran).

The Government revenues during the period 1960 to 1967 have more than doubled. Presently, the tax revenue including the oil royalties (collected as income tax from oil companies) form about 19.5 per cent of the gross national product, while the total governmental revenues form about 22.3 per cent of the GNP. This order of mobilisation for meeting the developmental and non-developmental expenditures of the budget should be considered as fairly satisfactory.

Appendix 4

LIST OF IMPORTANT IMPORTERS OF TEA IN IRAN

1. M/s Barkat & Co.,
Kooras,
Saraye Razi,
Ave. Bouzarjomehri,
Tehran.

2. M/s Baboo Trading Co. Ltd.,
Saraye Javaheri,
Ave. Bouzarjomehri,
Tehran.

3. M/s Nasser Trading Co.,
Gourji Building,
Golbandak Square,
Tehran.

4. M/s Chaddha Commercial Co.,
Saraye Omid,
Ave. Bouzarjomehri,
Tehran.

5. M/s Panjavani Mohammad Hossein
Saraye Mohamadi,
Ave. Bouzaromehri
Tehran.

6. M/s Maimanat Trading Co. Ltd.,
11, Nikpour Building,
Ave. Bouzarjomehri,
Tehran.

7. M/s Javahar Co.,
Saraye Saffari,
Ave. Bouzarjomehri,
Tehran.

8. M/s Chaye-Calcutta Co.,
Ave. Bouzarjomehri,
Tehran.

9. M/s Chaye-Zaffar Co.,
Saraye Haj Zaman,
Baazar,
Tehran.

10. M/s Ashoka Co. Ltd.,
186 Hajeb-Dowleh,
Baazar,
Tehran.

11. M/s Chetram Gouza,
Saraye Omid,
Ave. Bouzarjomehri,
Tehran.

12. M/s Harihind Co.,
Saraye Mohammadieh,
Ave. Bouzarjomehri,
Tehran.

13. M/s Damodar Co.,
Saraye Saffari
Ave. Bouzarjomehri,
Tehran.

14. M/s H. Hassan Nasseri,
25, Saraye Chitsaz,
Ave. Bouzarjomehri,
Tehran.

15. M/s Farhang Mohamad Taghi,
Saraye Razi,
Ave. Bouzarjomehri,
Tehran.

16. M/s Tarahind Co.,
28, Bank Sepah Building,

17. M/s Ali Hossein Daryani,
Saraye Haji Hassan,
Ave. Bouzarjomehri,
Tehran.

18. M/s Dunya Co.,
Saraye Cina,
Ave. Bouzarjomehri,
Tehran.

19. M/s Harnam Singh Sohan Singh,
Saraye Javaheri,
Ave. Bouzarjomehri,
Tehran.

20. M/s Kanwar Singh Bhasin,
Ave. Amir Kabir,
Passage,
Tehran.

21. M/s Mohamed Hossein Kanji,
Saraye Azizian,
Nowrouz Khan,
Tehran.

22. M/s Ceylon Shargh Co.Ltd.,
Saraya Haji Hassan,
Ave. Bouzarjomehri,
Tehran.

23. M/s Fars & Khárardour Co. Ltd.,
Saraya Arabzadeh,
Ave. Bouzarjomehri,
Tehran.

24. M/s Houshmand Trading Co. Ltd.,
Saraya Saffari,
Ave. Bouzarjomehri,
Tehran.

25. M/s Haider Ali Imami & Co.,
Saraya Delghosha,
Baazar,
Tehran.

LIST OF IMPORTANT IMPORTERS OF IRON & STEEL PRODUCTS IN IRAN

1. M/s Profil-Sazi-Iran Co. Ltd.,
125, Avenue Khyam,
Tehran.

2. M/s Raksh Production Co.,
288, Avenue Soraya,
Tehran.

3. M/s Iran Co.,
Profil Va Louleh-Sazi,
28, Nasser Street,
Ave. Ghazvin,
Tehran.

4. M/s Guivar Co. Ltd.,
Avenue Tehran Pars,
Damavand Road,
Tehran.

5. M/s Haddad-zadeh, Asghar,
850, Avenue Khyam,
Tehran.

6. M/s Ardel Home Appliances Industries Co.,
157, Avenue Zahedi,
Tehran.

7. M/s Nasser Maddahi,
860, Avenue Khyam,
Tehran.

8. M/s Ali Saadat & Co.,
Saraye Razi,
Ave. Bouzarjomehri,
Tehran.

9. M/s Fathi & Sons Manufacturing Co.,
Ghazvin Avenue,
Shobairi No. 28
Tehran.

10. M/s Sharkate Mikhsazi Iran,
180, Bouzarjomehri, Gharbi,
Tehran.

11. M/s Fargah Co. Ltd.,
12, Avenue Amir Kabir,
Tehran.

12. M/s Albert & Joseph Tawzik,
Maidane Sepah,
Avenue Amir-Kabir,
Passage 20,
Tehran.

13. M/s Owrang Co. Ltd.,
Seraye Sina,
Tehran.

14. M/s Sherkate Sahami Sepanta,
Saraye Sina,
Tehran.

15. M/s Entessar S.A.,
Avenue Ferdousi,
Passage 26,
Tehran.

16. M/s Iran Sawhney Co. Ltd.,
Avenue Bouzarjomehri,
Tehran.

LIST OF MAIN IMPORTERS OF JUTE MANUFACTURES IN IRAN

1. M/s Panjwani Corporation,
   Saraye Mohmmabi,
   Ave. Bouzarjomehri,
   Tehran.

2. M/s Sherkate Sahami Jawahar,
   P.O. Box No. 2462,
   Sarai Saffari,
   Tehran.

3. M/s K. Barekat & Co.,
   Saraye Razi,
   Ave. Bouzarjomehri,
   Tehran.

4. Sardar Mohan Singh Kohli,
   Saraye Omid,
   Ave. Bouzarjomehri,
   Tehran.

5. M/s Ashoka Co. Ltd.,
   186. Hajeb Dowleh,
   AvenueBouzarjomehri,
   Tehran.

6. M/s Sardar Pritam Singh Anand,
   Saraye Javehari,
   Ave. Bouzarjomehri,
   Tehran.

7. M/s Alawi - Mohabet Co.,
   Saraye Cigarchi,
   Golbandak,
   Tehran.

8. M/s Chatai Iran Manufacturing Co.,
   Saraye Tahbaz,
   Ave. Khyam,
   Tehran.

9. M/s Nasser Trading Co.,
Gorji Bldg., Golbandak Square,
Tehran.

10. M/s Chetram Goura,
Saraye Omid,
Ave. Bouzarjomehri,
Tehran.

11. M/s Chadha Commercial Co. Ltd.,
Saraye Omid,
Ave. Bouzarjomehri,
Tehran.

12. M/s Mohamed Hossein Kanji,
Saraye Azizina,
Nowrouz Khan,
Tehran.

13. M/s Iftekhar Trading Co., Ltd.,
Saraye Chitsaz,
Ave. Bouzarjomehri,
Tehran.

14. M/s Nouzi Mahmoud & Co.,
Saraye Omid,
Ave. Bouzarjomehri,
Tehran.

15. M/s Behco Export Co. Ltd.,
Saraye Hafez,
Tehran.

16. M/s Keswar Export Co. Ltd.,
Passage Nikpour,
Avenue Bouzarjomehri,
Tehran.

17. M/s Dara Export Co.,
Saraye Shams,
Ave. Bouzarjomehri,
Tehran.

18. M/s Tabarastan Trading Co.,
Saraye Cina,
Ave. Bouzarjomehri,
Tehran.

19. M/s Irano-Pakistan Navigation Co.,
Avenue Lalezav 21,
Tehran.

20. M/s Root Trading Co.,
Avenue Lalezav 7,
Tehran.

21. M/s Foreign Trade Organisation,
Shahreza Avenue,
Tehran.

22. M/s Iran Fertilizer Co.,
Bank Kav Building,
Hafez Avenue, Tehran.

23. M/s Sapa Export Co. Ltd.,
Saraye Haji Hassan,
Tehran.

24. M/s General Exporters Co. Ltd.,
Saraye Omid,
Ave. Bouzarjomehri,
Tehran.

25. M/s Armagan Export Co. Ltd.,
Saraye Cina,
Ave. Bouzarjomehri,
Tehran.

IMPORTANT IMPORTERS OF SPICES IN IRAN

1. M/s Barkat & Co.,
   Saraye Razi,
   Ave. Bouzarjomehri,
   Tehran.

2. M/s Baboo Trading Co. Ltd.,
   Saraya Javehari,
   Ave. Bouzarjomehri,
   Tehran.

3. M/s Chadda Commercial Co.,
   Saraye Omid,
   Ave. Bouzarjomehri,
   Tehran.

4. M/s Panjavani Mohammad,
   Hussein,
   Saraye Mohammadi,
   Ave. Bouzarjomehri,
   Tehran.

5. M/s Maimanat Trading Co. Ltd.,
   11, Nikpour Building,
   Ave. Bouzarjomehri,
   Tehran.

6. M/s Javaher Co.,
   Saraya Saffari,
   Ave. Bouzarjomehri,
   Tehran.

7. M/s Goura, Chetram
   Saraye Omid,
   Ave. Bouzarjomehri,
   Tehran.

8. M/s Harihind Co.,
   Saraye Mohamadich,
   Ave. Bouzarjomehri,
   Tehran.

9. M/s Damodar Co.,
Saraye Saffari,
Ave. Bouzarjomehri,
Tehran.

10. M/s Jahan Co. Ltd.,
Ave. Bouzarjomehri,
Tehran.

11. M/s Mohamed Hossein Kanji,
Saraye Azizian,
Nowrous Khan,
Tehran.

12. M/s Mohabat Co.,
Saraye Cigarchi,
Golbandak Square,
Tehran.

13. M/s Pankch Co. Ltd.,
16, Nikpour Building,
Ave. Bouzarjomehri,
Tehran.

LIST OF IMPORTANT IMPORTERS OF ELECTRIC FANS IN IRAN

1. M/s Joseph & Albert Tawfik,
   Maidane Sepah,
   Amir Kabir Avenue,
   Tehran.

2. M/s Haji Mohamed Assemi,
   Seraye Chitsazy,
   Avenue Bouzarjomehri,
   Tehran.

3. M/s Baboo Trading Company,
   Saraya Javahari,
   Avenue Bouzarjomehri,
   Tehran.

4. M/s Zibayi & Company, Attaollah,
   47, Avenue Lalezar,
   Tehran.

5. M/s Tarahind & Company
   Saraye Saffari,
   Avenue Bouzarjomehri,
   Tehran.

6. M/s Fargah Company Limited,
   Avenue Amir Kabir,
   Tehran.

7. M/s General Electric Company Limited,
   Avenue Takhate Jamshid,
   Tehran.

8. M/s Favdeh Trading Company Limited,
Avenue Nasser-Khorsrow,
Tehran.

9. M/s Tehran Tokyo Trading Company
Saraye Hafiz,
Avenue Bouzarjomehri,
Tehran.

10. M/s Auto Parts Company Limited.,
Avenue Amir Kabir,
Tehran.

11. M/s Iran Margo Company Limited,
Avenue Saadi,
Tehran.

12. M/s Sherkate Sahami Pakash Radio
Amini Buildings,
Avenue Ferdowsi,
Tehran.

13. M/s Tam Trading Company Limited,
Passage Nour,
Avenue Lalezar,
Tehran.

LIST OF IMPORTANT IMPORTERS OF PHARMACEUTICALS IN IRAN

1. M/s Ibak Trading Co.,
11, Avenue Chabine,
Amir-Akram,
Tehran.

2. M/s Iran Pharmic Co.,
19, Goudarz Street,
Serrah Shah, Tehran.

3. M/s Arcophar Co. Ltd.,
Bank Iranian Building,
Avenue Hafez,
Tehran.

4. M/s Farabi Co. Ltd.,
Seirafi Building,
Ave. Amir Kabir,
Tehran.

5. M/s Hormovit Co.,
5, Heravi Street,
Avenue Pahlavi,
Tehran.

6. M/s Asia Co.,
Saraye Razi,
Ave. Bouzarjomehri,
Tehran.

LIST OF MAIN IMPORTERS & COMMISSION AGENTS OF DEEP WELL PUMPS, MOTOR PUMPS & PARTS THEREOF IN IRAN

1. M/s Arzesh Co. Ltd.,
   11, Bahrami Street,
   Avenue Saadi,
   Tehran.

2. M/s Iran Margo Trading Co. Ltd.,
   471/3, Avenue Saadi,
   Tehran.

3. M/s Trafico Trading Co. Inc.,
   678, Avenue Saadi,
   Tehran.

4. M/s Fercidoun Zartoshti & Bros.,
   Momtaz Street,
   Avenue Saadi,
   Tehran.

5. M/s Tavana Trading Co. Ltd.,
   190, Pahlavi Avenue,
   Tehran.

6. M/s Abdasht Co.,
   509, Avenue Saadi,
   Tehran.

7. M/s Techno-Machine Co.,
   28, Avenue Ekbatan,
   Tehran.

8. M/s Abeyab Co.,
   Maidan Bagh Shah,
   Tehran.

9. M/s Hollingworth John & Partners,
91, Ferdausi Avenue,
Tehran.

10. M/s Iran Siemens Co. Ltd.,
Avenue Takhte Jamshid,
Tehran.

11. M/s Iran Anglo Co. Ltd.,
Avenue Ferdousi,
P.O.Box 723,
Tehran.

12. M/s Caspian Trading Co. Ltd.,
Avenue Saadi,
Tehran.

13. M/s Iran Khalilzad,
Avenue Saadi,
Tehran.

14. M/s Joseph & Albert D. Tawfik,
Maidane Sepah,
Avenue Amir Kabir,
Tehran.

15. M/s Part Motor Co. Ltd.,
Avenue Saadi,
Tehran.

16. M/s Iranshahr Co. Ltd.,
Avenue Ferdousi,
Tehran.

LIST OF IMPORTANT IMPORTERS OF INTERNAL COMBUSTION ENGINES & PARTS THEREOF IN IRAN

1. M/s Iran Margo Trading Co. Ltd.,
471/3, Avenue Saadi,
Tehran.

2. M/s Fereidown Zartoshti & Bros.,
Momtaz Street,
Avenue Saadi,
Tehran.

3. M/s Excel Co. Ltd.,
113, Avenue Bahar,
Tehran.

4. M/s Jamshid Yeganegui & Co.,
499, Avenue Saadi,
Tehran.

5. M/s Abdasht Co.,
509, Avenue Saadi,
Tehran.

6. M/s Techno-Machine Co.,
28, Avenue Ekhatan,
Tehran.

7. M/s Diesel White Co.Ltd.,
Taghi Nia Building,
Avenue Saadi,
Tehran.

8. M/s Razesh Co. Ltd.,
702, Avenue Saadi,
Tehran.

9. M/s Caspian Trading Co.,
Avenue Saadi,
Tehran.

10. M/s Persian Trading Co. Ltd.,
9, Bahrami Street,
Avenue Saadi,
Tehran.

11. M/s Trafico Trading Co. Inc.,
678, Avenue Saadi,
Tehran.

12. M/s Joseph & Albert D.
Tawfik,
No. 20, Amir Kabir Avenue,
P.O. Box 585, Tehran.

13. M/s Abzon Motor Co., Ltd.,
Avenue Sepah.,
Tehran.

14. M/s Pars Motor Co. Ltd.,
Avenue Saadi,
Tehran.

15. M/s Diesel Mann Company,
Avenue Ferdowsi,
Tehran.

16. M/s Consortium Misans Co. Ltd.,
Aluminium Building,
Avenue Shah,
Tehran.

17. M/s Iran Khalil Zad,
Avenue Saadi,
Tehran.

18. M/s Iran Techno Co. Ltd.,
Avenue Takhte Jamahid,
Tehran.

19. M/s Sherkat Sahami Jomir,
P.O. Box 47,
Tehran.

20. M/s Auto Wanet Co. Ltd.,
Avenue, Saadi,
Tehran.

21. M/s Iran Anglo Co. Ltd.,
Avenue Ferdowsi,
P.O. Box 723, Tehran.

LIST OF COMMISSION AGENTS & END-USERS OF LATHES CONTACTED DURING THE FIELD VISIT

1. M/s Barite Iran Co.,
   21, Avenue Villa,
   Tehran.

2. M/s Arzesh Co. Ltd.,
   11, Bahrami Street,
   Avenue Saadi,
   Tehran.

3. M/s Hamlo-Naghle Dakreli Iran Co.,
   Avenue Ghazvin,
   Askari Square,
   Tehran.

4. M/s Iran Margo Trading Co. Ltd.,
   Avenue Saadi,
   Tehran.

5. M/s Profil-Sazi-Iran Co. Ltd.,
   25, Avenue Khyam,
   Tehran.

6. M/s Guivar Co. Ltd.,
   Ave. Tehran Pars,
   Damavand Road,
   Tehran.

7. M/s Iran Skoda Ltd.,
   Avenue Saadi,
   Tehran.

8. M/s Iran Techno Corporation,
290, Avenue Takhate Jamshid,
Tehran.

9. M/s Rahimnejad-Ghazviw,
Rahim Haml-Nghl Khadlm,
Ave. Ghazvin,
Tehran.

10. M/s Sepah Industrial Machines Co.,
540, Avenue Sepah,
Tehran.

11. M/s Shabdiz Co.,
348, Avenue Saadi,
Tehran.

12. M/s Techno Machine Co.,
28, Avenue Ekbatan,
Tehran.

LIST OF MAIN IMPORTERS, COMMISSION AGENTS FOR PEDAL CYCLES AND PARTS

1. M/s Gray Mackenzie & Co. Ltd.,
   Amini Building, Avenue Ferdowsi,
   Tehran.

2. Mehdi Tabasrok Trading Co.,
   Avenue Fordowsi,
   Tehran.

3. Aziz Trading Co.,
   Kuchae Nazimultaba,
   Avenue Amir Kabir,
   Tehran.

4. M/s Tarahind Co.,
   No.28, Bank Sepah Building,
   Avenue Bouzarjomehri,
   Tehran.

5. Sherkate Teheran Shekai
   Avenue Nasserkhosrow,
   Tehran.

6. Cycle and Cycle Parts Distribution Co. Ltd.,
   Avenue Nasserkhosrow,
   Tehran.

7. M/s Faragh Co. Ltd.,
   Avenue Amir Kabir,
   Tehran.

8. Gransayeh Karimi & Bros
   Serai Omid,
   Avenue Bouzarjomehri,
   Tehran.

9. M/s Pakravesh Co. Ltd.,
   Serai Razi,
   Avenue Bouzarjomehri,
   Tehran.

10. Sherkate Bazaargani Massoud Ltd.,
Massoud Building,
Berlin Street,
Tehran.

11. M/s Darkar Co. Ltd.,
Seraye Sina,
Avenue Bouzarjomehri,
Tehran.

12. M/s Lapman Co. Ltd.,
Aluminium Building,
Avenue Shah,
Tehran.

13. M/s Waryam Singh Kholi,
Serai Javehri,
Avenue Bouzarjomehri,
Tehran.

14. M/s Iran Cycle Co.,
Comer Masjid Shah,
Avenue Bouzarjomehri
Tehran.

15. M/s Zamir Trading Co.,
Serai Taghizadeh,
Avenue Khyam,
Tehran.

16. M/s Lalchand Vishandas,
Serai Saffari,
Avenue Bouzarjomehri,
Tehran.

17. M/s Saadeghi & Bros,
Serai Eghbad,
Ave. Bouzarjomehri,
Tehran.

18. M/s Fazal Trading Co.,
Serai Sina,
Avenue Bouzarjomehri,
Tehran.

19. M/s Kaj Co. Ltd.,
Serai Sedghi Nejad,
Avenue Saadi,
Tehran.

20. M/s Asia Trading Co.,
3, Dalan Malek,
Saraye Ashi,
Tehran.

21. M/s H. Markarian,
22, Amir Kabir Ave.,
Tehran.

22. M/s Abdulla Yazdavian
Passage Saadi, Ave. Saadi,
Tehran.

23. Sherkate Bozarghani Jamali
Hamidew Building,
Ave. Bouzarjomehri Gharbi,
Tehran.

24. M/s Javaher Co.,
Saraye Saffari,
Avenue Bouzarjomehri,
Tehran.

25. M/s Akhavan Zarjani,
Saraye Omid,
Ave. Bouzarjomehri,
Tehran.

26. M/s Mobsen Kandhari,
Saraye Razi,
Avenue Bouzarjomehri,
Tehran.

LIST OF MAIN IMPORTERS & COMMISSION AGENTS FOR TYRES AND TUBES OF PEDAL CYCLES IN IRAN

1. M/s Grey Machinzie & Co. Ltd.,
   Amini Building,
   Ferdowsi Avenue,
   Tehran.

2. M/s Lapman Co. Ltd.,
   Saadi Avenue,
   Tehran.

3. M/s Tarahind Co.,
   Bank Sepah Building,
   Avenue Bouzarjomehri,
   Tehran.

4. M/s Haji Mohamad Tavakkolipour
   Bazar Bouzarjomehri,
   Tehran.

5. M/s Cycle & Cycle Parts,
   Distributing Co. Ltd.,
   Avenue Nasser-Khosrow,
   Tehran.

6. M/s Karimi Bros., Scraye Omid,
   Avenue Bouzarjomehri,
   Tehran.

7. M/s Tazamoni Bredran Tabarok,
   Avenue Ferdowsi,
   Tehran.

8. M/s Mehdi Motamein,
   Scraye Sina,
   Avenue Bouzarjomehri,
   Tehran.

9. M/s H.G. Gaberliam
   P.O. Box 621,
   Tehran.

10. M/s Pakravesh Co. Ltd.,
Saraye Razi,
Avenue Bouzarjomehri,
Tehran.

11. M/s Aziz Trading Co.,
Avenue Amir Kabir,
Tehran.

12. M/s Iran Cycle Co.,
Corner Masjid Shah,
Avenue Bouzarjomehri,
Tehran.

13. M/s Zamir Trading Co.,
Saraye Taghizadeh
Avenue Klyan,
Tehran.

14. M/s Faragh Co. Ltd.,
Amir Kabir Avenue,
Tehran.

15. M/s Kaj Co. Ltd.,
Avenue Saadi,
Tehran.

16. M/s Ali Asghar Hamidian
Bazar Bouzarjomehri,
Tehran.

17. M/s Darkar Co. Ltd.,
Saraye Sina,
Avenue Bouzarjomehri,
Tehran.

18. M/s Fazal Trading Co.,
Saraye Sina,
Avenue Bouzarjomehri,
Tehran.

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INDEX

A

Agglomerative forces, 32
Agreement, barter, 38, 40, 47, 56-63, 72, 93,94, 251
Agriculture, 20, 201
    - implements, 59
Aluminium, 60, 71, 87, 94, 251
Automobiles, 32, 39

B

Balance of payment, 1, 73-78
Balance of trade, 1, 69-73
Bicycles, 40, 92, 205-220
    - tyres and tubes, 92, 220-232

C

Cement, 19, 57
Central Bank, 41, 49, 52, 110
Collaboration, 157, 164, 189, 196, 200, 255
Commercial benefit tax, 48, 50, 51, 64, 111, 137, 150, 157, 161, 182, 184, 193, 199, 201, 202, 212, 228, 240.
Complaints, 49, 112, 219
Communications, 16, 29
Cotton, yarn and thread, 242-246
    - textiles, 19, 32
Currency, 23, 24, 26

D

Diesel engines, 58, 60
Distribution, channels of, 33, 35, 38
Documentation, 40, 109, 139, 192

E

Economy, 15, 27, 78
Electric fans, 92, 163-173
Exchange control, 52
Exchange reserves, 2
Exports, Iran of,
    - composition, 85-88
    - direction, 89

F

Fertilizers, 62, 86, 93
Foreign aid, 25
Foreign loans, 74, 78
Foreign exchange reserves, 75, 78

G

Gross national product, 17, 21, 23, 258
Gross domestic product, 15-17

I

Imports,
    - composition, 18, 79-81
    - direction, 82-84
    - duty, 22, 50, 137, 172, 213
    - licensing, 22, 47
    - policy, 81

    - substitution, 195
Index, wholesale price, 24
    - cost of living, 24
Industry, 17, 20, 33, 36
Infrastructure, 19, 27
Iron and steel, 8, 40, 91, 95-113
Internal combustion engines, 151-162
Investment, 3, 20, 27, 71, 98

J

Joint ventures, 163, 247-255
Jute manufactures, 62, 130-140

L

Letter of credit, 41, 50, 52, 64, 109, 112, 137, 149, 169, 172

M

Machinery and equipment, 32, 49, 85
Market, 4, 8, 29-33, 35, 36,39, 113, 122, 194, 195
Mechanical tools, 10, 13, 56, 185-195

O

Oil, 59, 61, 76, 92, 93

P

Paper and paper products, 233-242
Petro-chemical, 60, 86, 88, 93, 254, 255
Petroleum, 60, 83, 92
Pharmaceuticals, 62, 79, 92, 195-205
Plan, 18, 20, 25, 26, 53, 64, 69, 71, 72, 88, 164, 174
Population, 15
Prices, 36, 111, 126, 127, 135, 136, 162, 170, 194, 214, 215, 230, 231
Problems, 93
Production, 13, 21, 72
Publicity, 43
Pumps, 174-184

R

Railways, material and equipment, 60
Refrigerators, 32, 39

S

Shipping, 41, 61
Spices, 92, 140-151
Storage, 29-31, 36

T

Tariff, 28, 53, 136, 213, 228
Tea, 91, 113-130
Tenders, 37, 184, 192
Terms of Sale, 39
Tractors, 32, 60
Transportation, 31

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